RealPropertyResearchGroup

Baltimore - Atlanta

Market Feasibility Analysis

Saddle Club Apartments

Fort Oglethorpe, Catoosa County, Georgia

DCA Project Number 2003-007

Prepared for
The Georgia Department of Community Affairs

July 2003

103 Springfield Center Drive
Suite 203
Woodstock, Georgia 30188

Voice (770) 517-2666
Fax (770) 517-9098

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I. Executive Summary

Real Property Research Group, Inc. (RPRG) has completed a market study of the newly constructed Saddle Club Apartments, a proposed 168 unit mixed-income apartment community to be located on the north side of Highway 2 approximately two miles west of Interstate 75. The newly constructed rental community will be general occupancy in nature with an emphasis on single person and small to moderately sized family renter households.

After completion, rents and unit configuration of the rental community will be as follows:

Unit Type	AMI Level	Bedrooms	Bulding Type	Units	Avg. Size	Net Rent	Rent/Sq Ft
LIHTC	30%	1	Garden	1	921	$197	$0.21
LIHTC	30%	2	Garden	3	1,135	$232	$0.20
LIHTC	30%	3	Garden	1	1,361	$257	$0.19
LIHTC	50%	1	Garden	5	921	$384	$0.42
LIHTC	50%	2	Garden	20	1,135	$457	$0.40
LIHTC	50%	3	Garden	10	1,361	$517	$0.38
LIHTC	60%	1	Garden	13	921	$460	$0.50
LIHTC	60%	2	Garden	54	1,135	$550	$0.48
LIHTC	60%	3	Garden	27	1,361	$640	$0.47
MARKET	80%	1	Garden	5	921	$460	$0.50
MARKET	80%	2	Garden	19	1,135	$550	$0.48
MARKET	80%	3	Garden	10	1,361	$640	$0.47
	Total/Avg.			**168**	**1,169**	**$533**	**$0.46**

Based on our analysis, including field research conducted in June 2003, we have arrived at the following conclusions:

Site Location

- The site is a 18.91 acre tract on the north side of Highway 2 at its intersection with Dyer Bridge Road. The site consists primarily of undeveloped, heavily wooded land with many mature trees. The site is bordered to the north by Dyer Bridge Road, to the east by Dyer Bridge Road, to the south by Highway 2, and to the west by Dietz Road.
- Ingress and egress will be available off Dyer Bridge Road. Dyer Bridge Road is a lightly traveled residential street with a speed limit of 25 miles per hour. No problems

are expected with ingress or egress. Although it will have significant frontage, the site will not have direct access to/from Highway 2.

- The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes and a few houses of worship. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change.
- The site inspection was conducted on Wednesday June 30, 2003.

Economy

- In 2001, total employment in Catoosa County had reached 14,538 as job growth averaged over 250 jobs annually since 1990. Overall, the county has experienced a net increase of over 3,000 jobs or 26 percent since 1990. Similar to national trends, Catoosa County has experienced an economic downturn over the past two years as 2001 and the first three quarters of 2002 experienced a net loss in jobs.
- Unemployment rates in Catoosa County have remained lower than the unemployment rates in the state of Georgia, while following similar trends. Between 1990 and 2002, the unemployment rate decreased six years, remained unchanged three years, and increased during three years. The overall unemployment rate has decreased significantly from the decade high of 6.0 percent in 1992, as the year-end unemployment rate in 2002 was 3.0 percent. During the first 4 months of 2003, Catoosa County's unemployment rate has decreased by nearly a full percentage point compared to Georgia's decline of 0.2 percentage point.
- The stable economic conditions in Catoosa County indicate that the calculated demand estimates and capture rates will be achievable independent of market conditions. The current economics of the area will not prevent the proposed development from achieving the calculated capture rates.

Household Growth

- Based on 1990 and 2000 Census data, the PMA experienced an increase of 4,033 households, while the Tri-County Market Area increased by a total of 7,560 households. This change equates to a 19.3 percent increase in the primary market area compared to a 18 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 1.8 percent in the PMA and 1.7 percent in the Tri-County Market Area.

- Projections show that the PMA's household count is expected to increase by 2,106 or 8.4 percent by 2005 compared to an increase of 3,656 households or 7.4 percent in the Tri-County Market Area. Annual increases are projected to be 421 households or 1.6 percent in the primary market area and 731 households or 1.4 percent in the Tri-County Market Area.

Household Characteristics

- Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 29.9 percent of the PMA's population and 29.5 percent of the Tri-County Market Area's population.
- The primary market area and the Tri-County Market Area have a similar percentage of households that rent. In 2000, 24.6 percent of the householders in the PMA were renters. In comparison, 22.6 percent of the Tri-County Market Area householders rented.
- Census data indicates that the 1999 median household income for the primary market area was $37,382, 3.6 percent higher than the $36,079 median income in the Tri-County Market Area.
- Over twenty-one percent of primary market area householders earn between $15,000 and $30,000, the general income range to be targeted by the proposed LIHTC units.

Rental Market

- The multifamily rental stock in the primary market area is relatively young. The average age of the 6 rental communities providing this data is 14 years. The two newest communities were built in 1998. Of the remaining four properties, one was built in 1990, two were built in the 1980's, and one was built in the 1970's.
- Among the 703 units in the 9 surveyed communities, 26 were reported vacant for a rate of 3.7 percent. Three of the communities have a vacancy rate above 5 percent and the remaining six properties have a vacancy rate of 3.3 percent or less.

- Among the 9 properties surveyed, one bedroom units are the most common, as they are offered at 8 of the 9 communities. Two bedroom units are offered at 7 communities and three bedroom units are present at only three.

- None of the surveyed rental communities are currently offering rental incentives. The street rents at the existing communities are adjusted to account for the cost of utilities. The average net rent among the surveyed communities is $412 for a one bedroom unit, $514 for a two bedroom unit, and $567 for a three bedroom unit. The average square footages are 659, 1,089, and 1,233 for the one, two and three bedroom units respectively.

Findings and Conclusions

- Using a 35 percent underwriting criteria, the penetration rate for all 168 units was calculated to be 1.6 percent for all households and 4.5 percent for renter households. This is based on the 10,547 total households and 3,768 renter households that earn more than $9,634 and less than $41,600. Affordability by floorplan and income level indicates that there is a sufficient number of income qualified households for all floorplans.
- Excess demand for rental housing in the primary market area was calculated to be 194. This number represents the number of additional rental units needed in the market after Saddle Club Apartments and all other rental communities in the pipeline have achieved stabilized occupancy.

- The capture rates for the proposed units are 13 percent for all LIHTC units, 3.6 percent for the market rate units, and 12.1 percent for all units. Demand by floorplan includes 12 variations as a result of the bedroom sizes and four income levels. Floorplan specific capture rates range from 0.8 percent for the 30 percent three bedroom units to 27.1 percent for the 60 percent two-bedroom units. Eleven of the 12 capture rates are below 15 percent. Based on these capture rates, adequate income-qualified demand exists for the proposed units.

The project's appeal and strengths are as follows:

Community Design: The proposed development will be the most attractive community in the primary market area. The new modern design characteristics and up-scale community design will be competitive within the primary market area, which has seen little new product development over the past two decades.

Location: The proposed site is located in a growing area of Catoosa County. The proposed site is located conveniently to shopping, education, health care, public transportation, and area traffic arteries.

Amenities: The proposed Saddle Club Apartment Community will offer more unit and community amenities than all of the existing rental communities in the primary market area. The proposed amenities, including appliance package, is appropriate given the proposed rent levels.

Unit Mix: The unit mix distribution of the 168 units at Saddle Club Apartments is appropriate and compatible with the existing rental stock. The one and two bedroom units will appeal to single person householders or small to medium sized families while the three bedroom units will appeal to larger families and those desiring additional space. The proposed unit mix is appropriate. The 168 proposed units will make Saddle Club the largest community in the primary market area.

Unit Size: With square footages of 921 for a one bedroom unit, 1,135 for a two bedroom unit and 1,361 for a three bedroom unit, Saddle Club will have a competitive advantage with the existing rental stock. These unit sizes are significantly larger than the average among surveyed communities.

Price: The proposed 30 percent units are priced at the bottom of the range of net rents in the primary market area. The proposed 50 percent rents are priced in the lower half of the range of net rents and the 60 percent and market rate rents are positioned near the top. The proposed rents are appropriate given the location, large unit sizes, and extensive amenities to be included. On a square foot basis, the proposed rents are lower than the average one-bedroom rent and only $0.01 above the averages for two and three bedroom units.

Absorption: With no data on absorption at comparable communities, absorption rates are derived based on the appeal of the proposed development, condition of the area's rental housing stock, and demand estimates for the subject property. The rental market in the PMA is tight as less than four percent of existing rental units are vacant. The primary market area is projected to grow at an annual compounded rate of 421 households per year through 2005. Despite this continued growth, no rental communities have been built in the PMA over the past three years with only one (88 units) under construction. The low percentage of vacant rental units, the continual household growth and minimal amount of new construction indicate a potential pent-up demand for rental housing. As the proposed community will be offering units at four income levels, it will appeal to a wide range of renter householders.

We believe that given the competitive rents, extensive amenities, tight rental market, wide range of allowable incomes, and lack of significant pipeline, the proposed 168 rental units at Saddle Club Apartments will lease at a rate of at least 13 units per month. At this rate, the proposed community will attain 95 percent occupancy within approximately 12 months.

II. Introduction

Real Property Research Group, Inc. has been retained by The Georgia Department of Community Affairs to conduct a market feasibility analysis of Saddle Club Apartments. Saddle Club Apartments will be a newly constructed mixed-income rental community consisting of 168 rental units. The proposed community will be located the north side of Highway 2, approximately two miles west of Interstate 75 and three miles east of downtown Fort Oglethorpe. The newly constructed rental community will be general occupancy in nature with an emphasis on single person households and small to moderately sized family renter households.

The majority (80 percent) of the units at Saddle Club Apartments will benefit from Low Income Housing Tax Credits and will be restricted to households earning no more than 30 percent, 50 percent, and 60 percent of the Area Median Income (AMI). The remaining 20 percent of the units will be market rate with no income restrictions. Although no income restrictions will be imposed on the market rate units, it is assumed for demand purposes that these units will target renter householders earning no more than 80 percent of the AMI. Saddle Club will consist of 24 one-bedroom units at 921 square feet, 96 two-bedroom units at 1,135 square feet, and 48 three-bedroom units at 1,361 square feet. HUD has computed a 2003 median household income of $48,800 for the Chattanooga TN-GA MSA in which the subject site is located. Based on that median income adjusted for household size, the maximum income limit and minimum income requirement is computed for each floorplan in Table 1. The minimum income limit is calculated assuming 35% of income is spent on total housing cost (rent plus utilities). The maximum allowable income and corresponding rents are calculated assuming 1.5 persons per bedroom.

This analysis takes into account pertinent trends in housing supply and demand in a distinct market area delineated with respect to the subject site. Conclusions are drawn on the appropriateness of the proposed rents and projected length of initial absorption.

Table 1   Project Specific LIHTC Rent Limits, Saddle Club

Floorplans & Type of Units	Maximum % of AMI	Number of Units	Bedrooms	Planned Net Rent	Utility Allowance	Planned Gross Rent	Maximum Gross Rent	Maximum Income	Minimum Income
LIHTC	30%	1	1	$197	$84	$281	$281	$11,250	$9,634
LIHTC	30%	3	2	$232	$105	$337	$338	$13,500	$11,554
LIHTC	30%	1	3	$257	$133	$390	$390	$15,600	$13,371
LIHTC	50%	5	1	$384	$84	$468	$469	$18,750	$16,046
LIHTC	50%	20	2	$457	$105	$562	$563	$22,500	$19,269
LIHTC	50%	10	3	$517	$133	$650	$650	$26,000	$22,286
LIHTC	60%	13	1	$460	$84	$544	$563	$22,500	$18,651
LIHTC	60%	54	2	$550	$105	$655	$675	$27,000	$22,457
LIHTC	60%	27	3	$640	$133	$773	$780	$31,200	$26,503
MARKET	80%	5	1	$460	$84	$544	$750	$30,000	$18,651
MARKET	80%	19	2	$550	$105	$655	$900	$36,000	$22,457
MARKET	80%	10	3	$640	$133	$773	$1,040	$41,600	$26,503

The report is divided into six sections. Following the executive summary and this introduction, Section 3 provides a project description and an analysis of local neighborhood characteristics. Section 4 examines the socio-economic and demographic characteristics of the delineated market area. Section 5 presents a discussion of the competitive residential environment. Section 6 discusses conclusions reached from the analysis and estimates the demand for the project using growth projections and income distributions.

The conclusions reached in a market study are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of management, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions attached as Appendix I and incorporated in this report.

III. Location and Neighborhood Context

A. Project Description

Saddle Club will be located in southeast Fort Oglethorpe, Catoosa County. The subject site is located within approximately two miles or less of Fort Oglethorpe's three major thoroughfares, Highways 2 and 27, as well as Interstate 75. The site is an 18.91 acre tract on the north side of Highway 2 at its intersection with Dyer Bridge Road. The site consists primarily of undeveloped, heavily wooded land with many mature trees. The site is bordered to the north by Dyer Bridge Road, to the east by Dyer Bridge Road, to the south by Highway 2, and to the west by Dietz Road.

The proposed site is located just outside Fort Oglethorpe's City Limits and on the periphery of the more densely populated region of the county. Dyer Bridge Road is a small residential road with scattered single-family detached homes of moderate value.

Ingress and egress will be available off Dyer Bridge Road. Dyer Bridge Road is a lightly traveled residential street with a speed limit of 25 miles per hour. No problems are expected with ingress or egress. Although the site will have significant frontage along Highway 2, direct access to/from the site will not be available.

The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes and a few houses of worship. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change.

Figure 1   Site Location Photos

View of site facing south from Dyer Bridge Road.

View of site facing west from Dyer Bridge Road.

View of site from Dyer Bridge Road and Highway 2.

Dyer Bridge Road facing west, north of site. Site is on left.

Figure 2   Surrounding Land Uses Photos

View of Highway 2 facing east from Dyer Bridge Road.

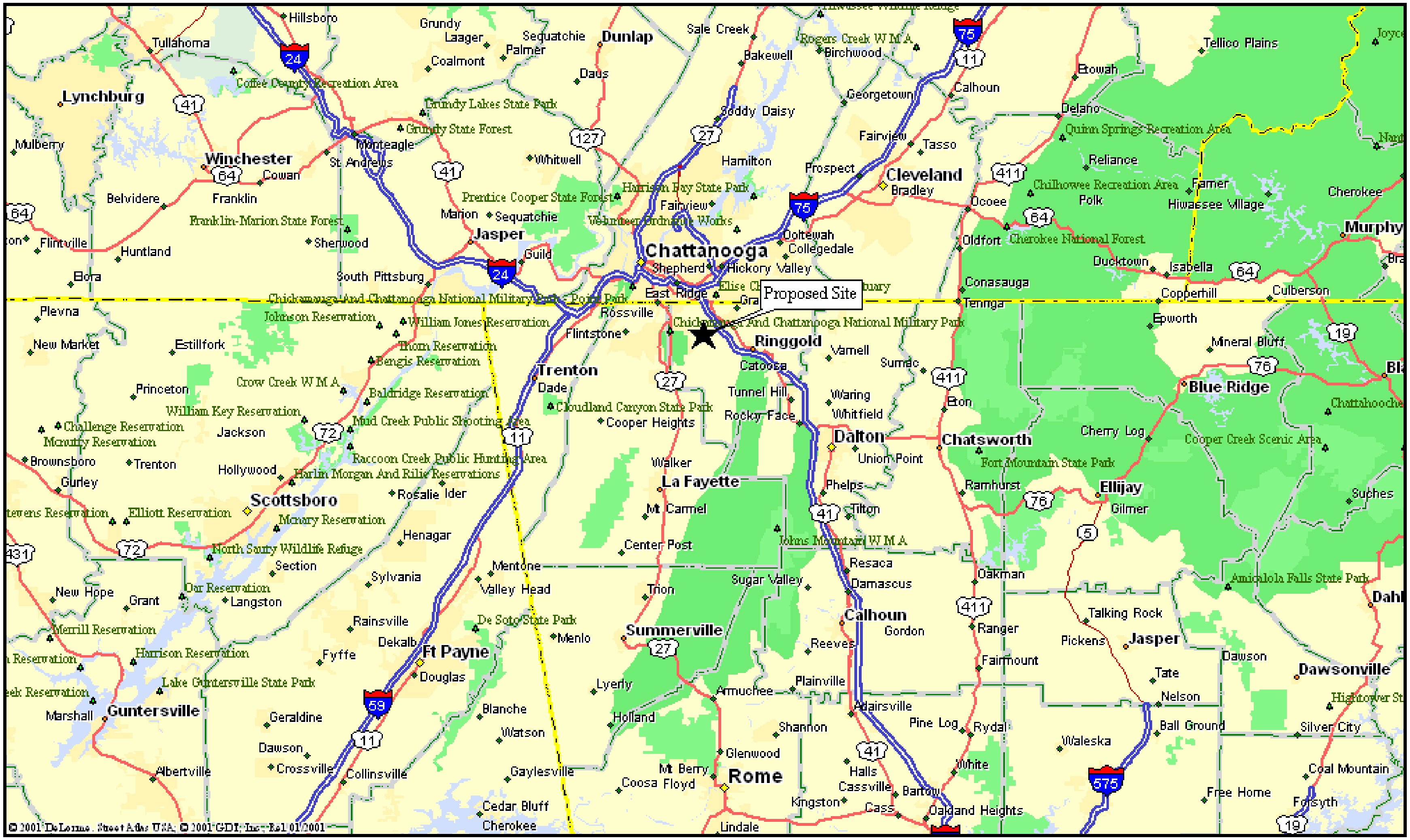
View of Highway 2 facing west from Dyer Bridge Road.

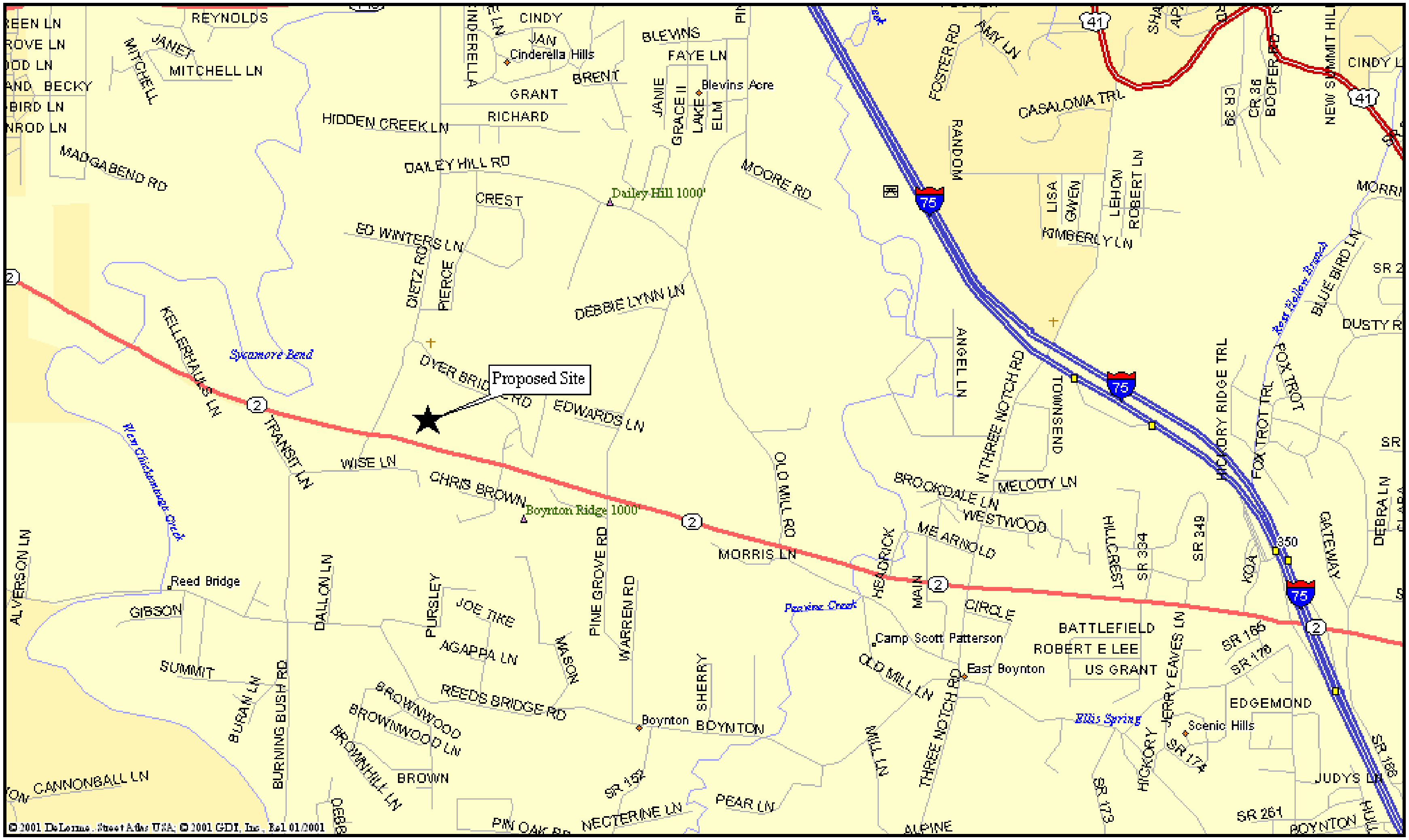
Dyer Bridge Road facing north at its intersection with Highway 2.

Single-family home on Dyer Bridge Road.


View of small church, opposite site on Dyer Bridge Road.

Map 1 Site Location, Saddle Club




Proposed Site
REYNOLDS
JANET
MITCHELL
MITCHELL LN
BECKY
MADGABEND RD
HIDDEN CREEK LN
CINDY
JAN
Cinderella Hills
GRANT
BRENT
RICHARD
BLEVINS
FAYE LN
JANIE
GRACE II
LAKE
ELM
Blevins Acre
DALEY HILL RD
CREST
Dailey Hill 1000'
MOORE RD
ED WINTERS LN
DIETZ RD
PIERCE
DEBBIE LYNN LN
KELLERHALS LN
Sycamore Bend
DYER BRIDGE RD
EDWARDS LN
TRANSIT LN
WISE LN
CHRIS BROWN
Boynton Ridge 1000'
West Chickamauga Creek
Reed Bridge
GIBSON
ALVERSON LN
SUMMIT
DALLON LN
BURANI LN
BURNING BUSH RD
PURSLEY
JOE TIKE
AGAPPA LN
MASON
PINE GROVE RD
WARREN RD
REEDS BRIDGE RD
BROWNWOOD
BROWNWOOD LN
BROWNHILL LN
BROWN
CANNONBALL LN
Boynton
BOYNTON
SHERRY
SR 152
NECTERINE LN
PIN OAK RD
PEAR LN
OLD MILL RD
MORRIS LN
Peavine Creek
HEADRICK
MAIN
Camp Scott Patterson
OLD MILL LN
MILL LN
THREE NOTCH RD
N THREE NOTCH RD
ALPINE
FOSTER RD
AMY LN
RANDOM
CASALOMA TRL
LISA
GWEN
LEHON
ROBERT LN
KIMBERLY LN
ANGEL LN
TOWNSEND
BROOKDALE LN
MELODY LN
WESTWOOD
ME ARNOLD
CIRCLE
East Boynton
BATTLEFIELD
ROBERT E LEE
US GRANT
HILLCREST
SR 334
SR 349
JERRY EAVES LN
Ellis Spring
HICKORY
SR 173
Scenic Hills
SR 174
EDGEMOND
SR 166
SR 176
KOA
HICKORY RIDGE TRL
FOX TROT TRL
FOX TROT
GATEWAY
CR 36
CR 38
BOOFER RD
NEW SUMMIT HILL
CINDY L
MORRI
East Chickamauga Creek
BLUE BIRD LN
DUSTY R
DEBRA LN
JUDYS LN
SR 261
BOYNTON
SR 188
350
75
41
2
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Map 2 Site Amenities, Saddle Club

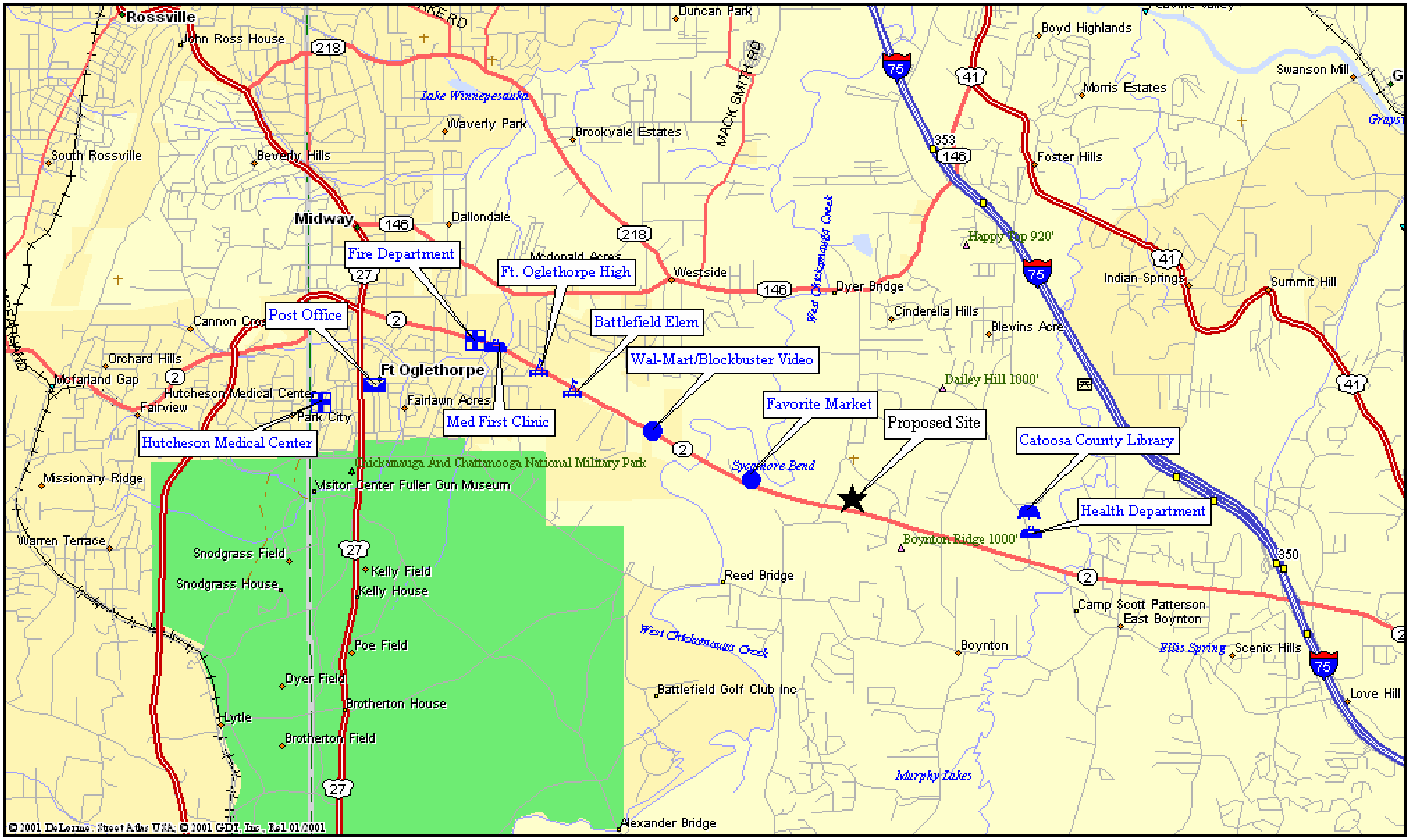

Table 2   Site Amenities, Saddle Club

Establishment	Type	Address	Distance
Catoosa County Library	Public Library	Old Mill Road	0.4 Mile
Catoosa County Health Dept.	Health Department	Old Mill Road	0.4 Mile
Favorite Market	Convenience Store	3668 Battlefield Pkwy.	0.4 Mile
Blockbuster Video	Movie Rental	2994 Battlefield Pkwy.	1.0 Mile
Wal-Mart SuperCenter	Discount/Grocery Store	3040 Battlefield Pkwy.	1.0 Mile
Battlefield Elementary School	Public School	2206 Battlefield Pkwy.	1.8 Miles
Lakeview - Ft. Oglethorpe High School	Public School	1850 Battlefield Pkwy.	1.9 Miles
Med First Immediate Care	Medical Clinic	1384 Battlefield Parkway	2.6 Miles
Fort Oglethorpe Fire Department	Fire Protection	500 Greenleaf Circle	2.7 Miles
Fort Oglethorpe Post Office	Post Office	100 Forest Road	2.7 Miles
Chickamauga National Military Park	National Park	Highway 27	3.0 Miles
Catoosa County Police	Police	Highway 41, Ringgold	3.9 Miles
Hutchenson Medical Center	Hospital	Gross Crescent Circle	4.0 Miles
Lakeview Middle School	Public School	416 Cross Street, Rossville	4.0 Miles
Catoosa County Fire Department	Fire Protection	5282 Evitt Street, Ringgold	5.4 Miles

The subject site is located on the north side of Highway 2, approximately two miles west of Interstate 75 and three miles east of downtown Fort Oglethorpe. The site will enjoy good visibility from drive-by traffic on Highway 2 in both directions. The proposed site will benefit from the relatively sparsely developed immediate vicinity, however is located within one to two miles of many community amenities.

The newly developed rental community will feature 168 one, two and three bedroom units in fourteen, three-story garden style buildings. The community will also feature a separate community and management building. The proposed one-bedroom units will have 921 square feet, two bedroom units will have 1,135 square feet, and three bedroom units will have 1,361 square feet.

Each of the newly constructed units at Saddle Club will feature:

- Full kitchens including a range, a refrigerator, a dishwasher, a garbage disposal, a pantry, and a microwave oven.
- Wall-to-wall carpeting in the bedrooms, living room, dining room and hallways. The kitchen, entry and bathrooms will feature scuff-resistant vinyl flooring.
- Washer and dryer connections.
- An energy efficient electric central heating and air conditioning system.

Common area amenities will include a community building with recreation areas, management offices, a community laundry facility, an exercise room, and a computer center. Additional recreational amenities will include a swimming pool and a tot lot.

Table 3 Proposed Unit Configuration and Rents

Unit Type	AMI Level	Bedrooms	Bulding Type	Units	Avg. Size	Net Rent	Rent/Sq Ft
LIHTC	30%	1	Garden	1	921	$197	$0.21
LIHTC	30%	2	Garden	3	1,135	$232	$0.20
LIHTC	30%	3	Garden	1	1,361	$257	$0.19
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MARKET	80%	3	Garden	10	1,361	$640	$0.47
	Total/Avg.			**168**	**1,169**	**$533**	**$0.46**

B. Neighborhood Characteristics

The Saddle Club rental community will be located approximately three miles southeast of downtown Fort Oglethorpe, Catoosa County. Catoosa County is part of the Chattanooga TN-GA MSA as it borders the state of Tennessee. The county seat, Fort Oglethorpe, is situated approximately two miles south of the state border. The portion of this MSA within the state of Georgia consists of several similarly communities. These communities include Fort Oglethorpe, Rossville, and Ringgold.

The cities of Fort Oglethorpe and Rossville are fairly densely developed. The cities are bordered to the north by the state of Tennessee, to the south by Chickamauga National Military Park, and west by fairly rugged mountainous terrain. As a result of these boundaries, the majority of the development in the area has occurred to the east along Highway 2.

A moderate amount development has occurred over the past ten to fifteen years in the city of Fort Oglethorpe. This development has included both commercial and residential uses.

C. Shopping

The largest concentration of retail establishments in Catoosa County is located along Highway 2 east of its intersection with Highway 27. The closet shopping center to the proposed site is the Battlefield Station Shopping Center, which is anchored by a Wal-Mart SuperCenter. Additional retail establishments and restaurants in this shopping center include Fazolies, Blockbuster Video, Taco Bell, Dollar Tree, Fashion Bug, Hibbett Sports, Sally Beauty Supply, and Great Clips. This shopping center is located approximately one mile west of the subject site on Highway 2.

The closest retail establishments to the proposed site include several convenience stores less than one mile of the subject site.

Wal-Mart SuperCenter.

D. Medical

The closest major medical center to the proposed site is Hutcheson Medical Center, which offers a variety of medical care including 24-hour emergency medicine and general practice. Hutcheson Medical Center is located within approximately 3.5 miles of the subject site on Gross Crescent Circle.

Additional medical facilities in Fort Oglethorpe include several smaller clinics and the Catoosa County Health Department. Several of these medical centers are located within three miles of the subject site. The health department is located within approximately one half mile of the subject site.

Catoosa County Health Department.

E. Schools

Catoosa County Schools are comprised of one primary school, seven elementary schools, two middle schools, two comprehensive high schools, and one alternative school. Battlefield Elementary, Cloud Springs Elementary, and Ringgold Middle have been honored as Georgia Schools of Excellence. Boynton Elementary, Graysville Elementary, and Lakeview-Ft. Oglethorpe High have been recognized as both State and National Blue Ribbon Schools.

The closest public schools to the proposed site include Battlefield Elementary School (1.8 miles from site), Lakeview Middle School (4.0 miles from site), and Lakeview-Fort Oglethorpe High School (1.9 miles from site).

Northwest Georgia and southern Tennessee are home to many colleges and universities. Examples of those located within 50 miles of Fort Oglethorpe include Dalton State University, Berry College, Shorter College, the University of Tennessee-Chattanooga, and Tennessee Wesleyan College.

Battlefield Elementary School

IV. Socio-Economic and Demographic Content

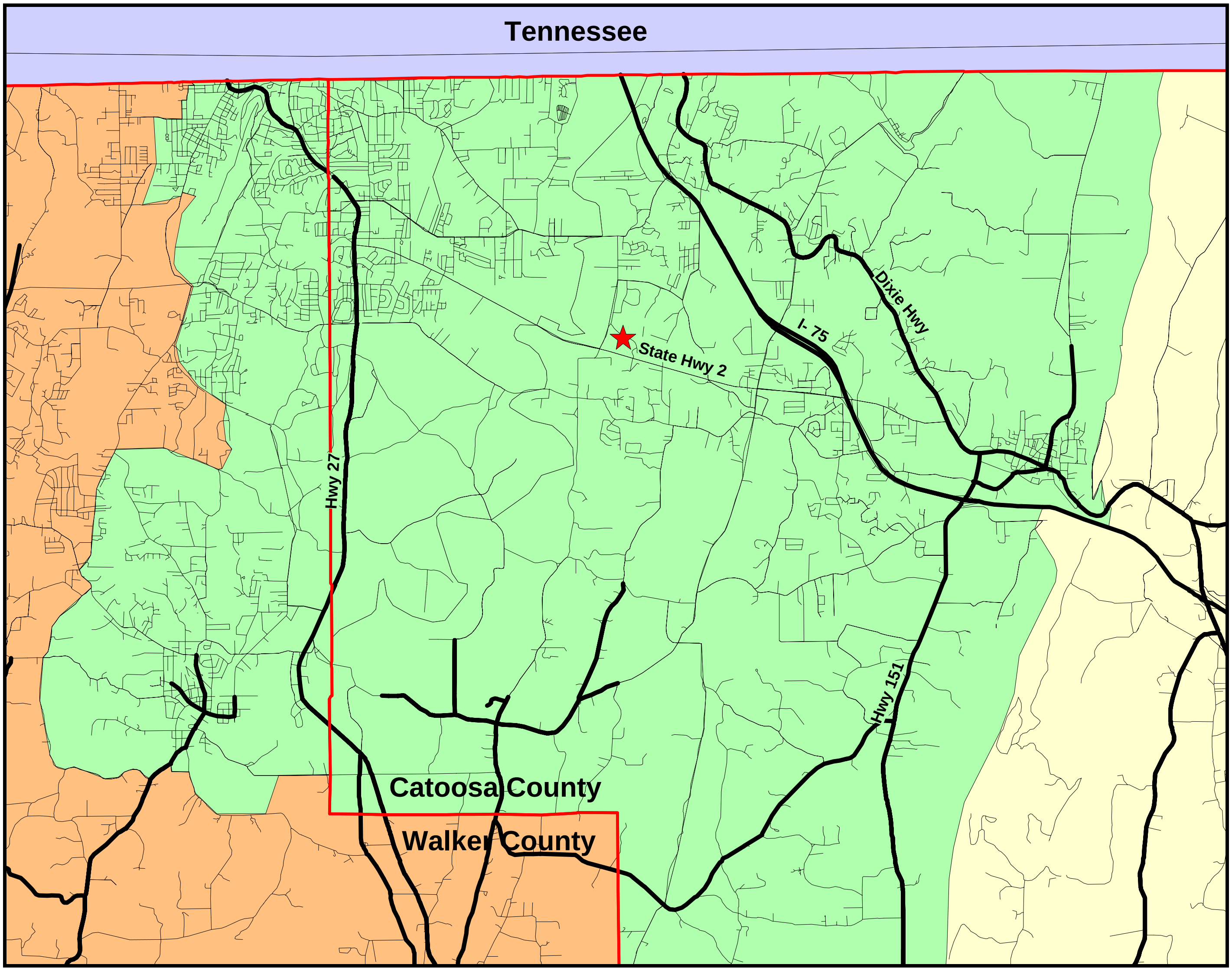
The primary market area for Saddle Club Apartments comprises the community of Fort Oglethorpe and similar sized communities in the northwest region of the state including Rossville and Ringgold. The approximate boundaries of the primary market area are Tennessee to the north (3.25 miles), Highway 234 on the eastern edge of Ringgold to the east (6.07 miles), a line south of and parallel to Highway 2207 to the south (5.76 miles/11.4 miles) and Mission Ridge Road to the west (5.47 miles). The size and shape of the market area was impacted by the relatively large size and shape of the census tracts in this area of the state, especially to the south. Given the sparsely populated nature of this region of northwest Georgia, the inclusion of some of these larger census tracts within the PMA does not unduly influence the demand estimates for the proposed development.

Demographic data on the Tri-County Market Area, defined as a combination of Catoosa, Dade and Walker Counties, is included for comparison purposes. Demand estimates will be shown only for the primary market area.

The primary market area includes year 2000 census tracts 0302, 0304.02, 0305, 0306, 0201, 0202, 0307, 0304.01, 0303, and 0205.01. A map of this market area is shown on page 18.

According to property managers of existing rental communities, tenants come from all over northwest Georgia, however primarily within ten miles of the subject property primarily from the cities of Fort Oglethorpe, Ringgold, and Rossville. These property managers indicated that the proposed development will be able to attract tenants from throughout the primary market area. Although it is possible that the proposed development may attract some tenants from Tennessee, demand from outside the state is not considered in the demand estimates for Saddle Club. The propensity of householders to move from one state to another based on the availability of new housing options is difficult to estimate.

Map 3 Primary Market Area



A. Economic Context

Total at place employment has increased steadily within Catoosa County since 1990 (Table 4). In 2001, employment had reached 14,538 as job growth averaged over 250 jobs annually since 1990. Overall, the county has experienced a net increase of over 3,000 jobs or 26 percent since 1990. Total at-place employment increased nine of ten years between 1990 and 2000. Similar to national trends, Catoosa County has experienced an economic downturn over the past two years as 2001 and the first three quarters of 2002 experienced a net loss in jobs. On a percentage basis, job growth in Catoosa County has been just below the national employment growth over the last five years of the previous decade (Table 6).

The labor force in Catoosa County has grown steadily over the past 13 years. Catoosa County's labor force has increased each year since 1990, including preliminary figures for April of this year (Table 5).

During the same period, unemployment rates in Catoosa County have remained lower than the unemployment rates in the state of Georgia, while following similar trends. Unemployment in the county has fluctuated over the past 13 years, however the predominate trend has been decline. Between 1990 and 2002, the unemployment rate decreased six years, remained unchanged three years, and increased during three years. The overall unemployment rate has decreased significantly from the decade high of 6.0 percent in 1992, as the year-end unemployment rate in 2002 was 3.0 percent. The unemployment rate in Catoosa County increased 0.5 percentage point in 2002, compared to a 0.6 and 0.9 percentage point increases in Georgia and the United States, respectively. During the first four months of 2003, Catoosa County's unemployment rate has decreased by nearly a full percentage point and Georgia's has decreased by 0.2 percentage point. The nation's unemployment increased 0.1 percentage point. Thus, the reduction of jobs in the area has not had an undue influence in the area's unemployment rate.

Table 4 At Place Employment, Catoosa County 1990-2002

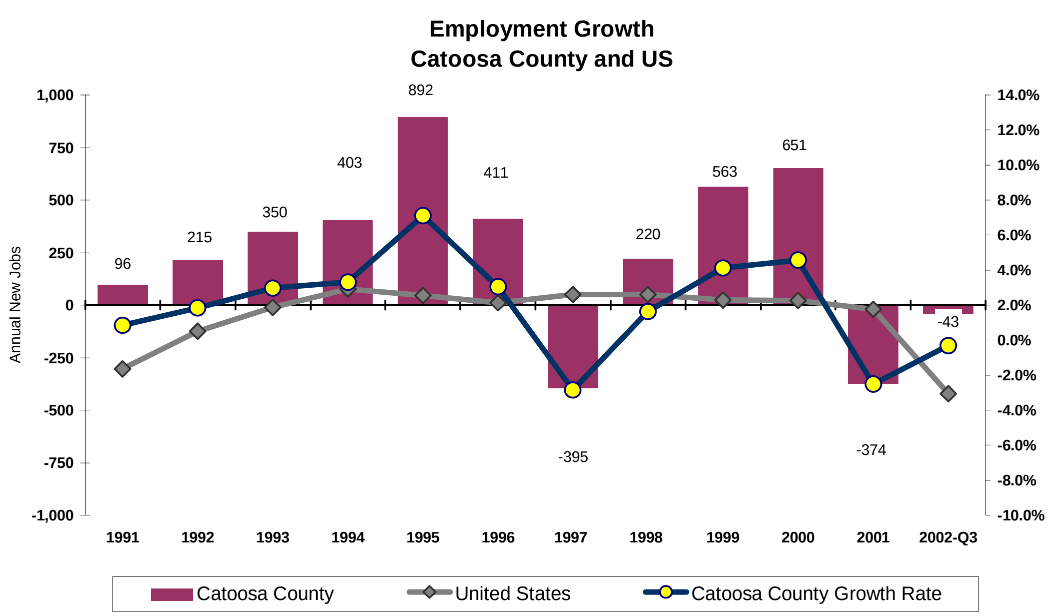
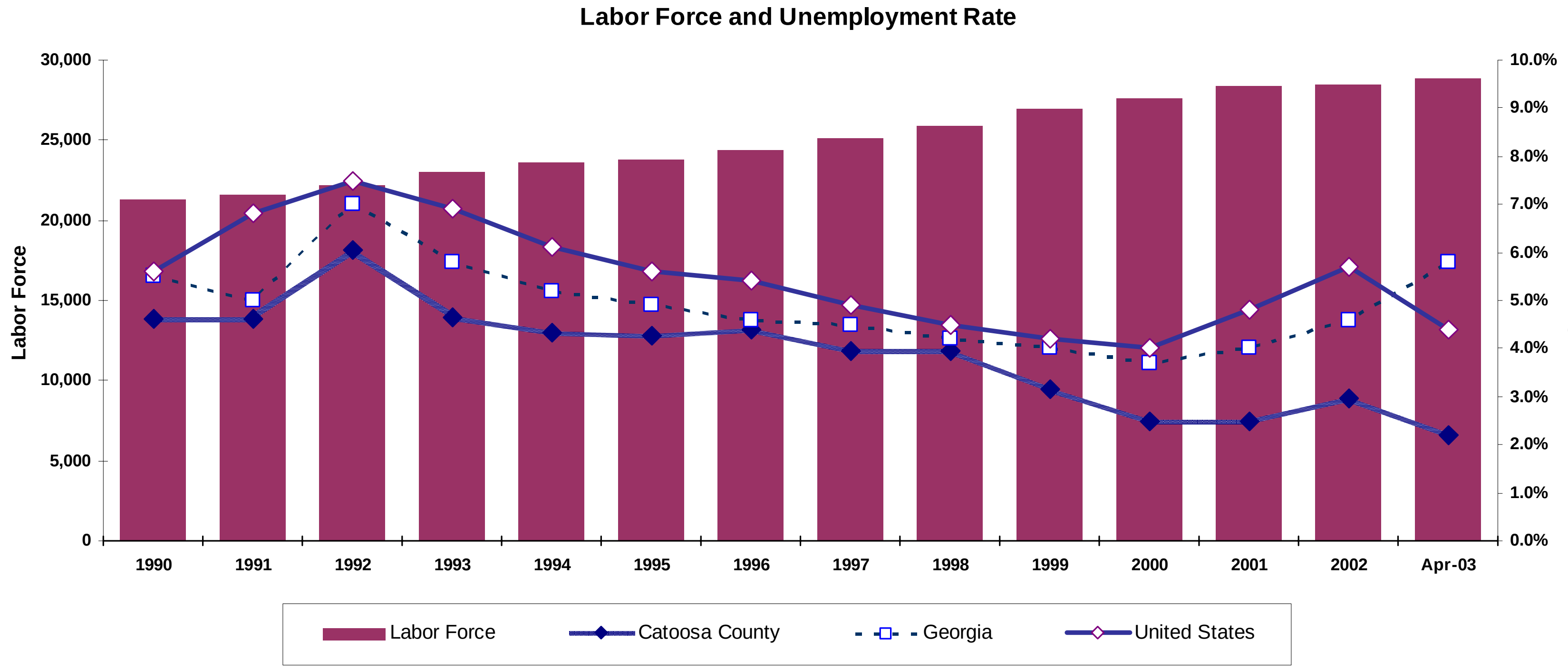


Table 5 Labor Force and Unemployment Rates, Catoosa County

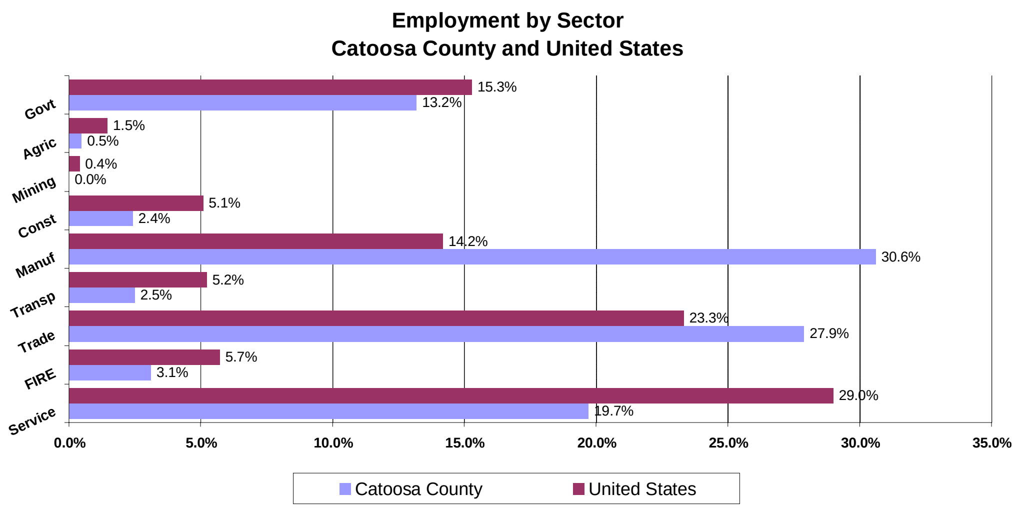
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Apr-03
Labor Force	21,351	21,545	22,144	23,013	23,623	23,821	24,349	25,142	25,936	26,947	27,564	28,332	28,444	28,880
Employment	20,362	20,548	20,806	21,945	22,599	22,804	23,281	24,146	24,912	26,097	26,878	27,626	27,599	28,240
Unemployment	989	997	1,338	1,068	1,024	1,017	1,068	996	1,024	850	686	706	845	640
Unemployment Rate														
Catoosa County	4.6%	4.6%	6.0%	4.6%	4.3%	4.3%	4.4%	4.0%	3.9%	3.2%	2.5%	2.5%	3.0%	2.2%
Georgia	5.5%	5.0%	7.0%	5.8%	5.2%	4.9%	4.6%	4.5%	4.2%	4.0%	3.7%	4.0%	4.6%	5.8%
United States	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%	5.7%	4.4%

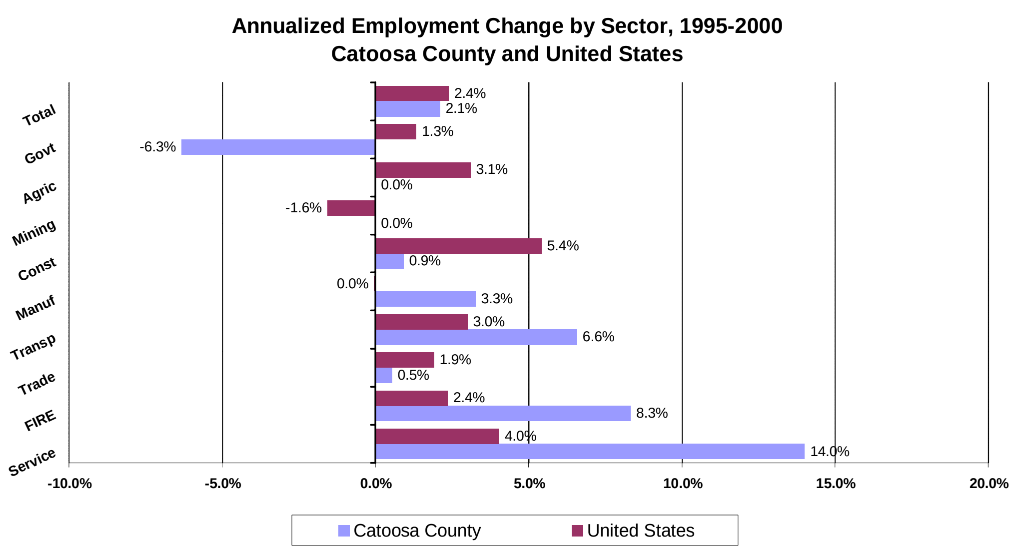
Source: Georgia Department of Labor Licensing and Regulation



Compared to the nation, Catoosa County has a higher proportion of jobs in the manufacturing and trade sectors of the economy and a smaller proportion in all other sectors. At-place employment figures indicate that the service sector's employment growth is fueling Catoosa County's economy. The service sector of the economy is the third largest sector in terms of total employment and has experienced the fastest annual rate of growth, 14 percent. The larger manufacturing and trade sectors increased at modest annual rates of 3.3 percent and 0.5 percent respectively (Table 6). Large sectors with moderate growth rates have a larger impact on the area's economic growth than small sectors with rapid growth rates.

Table 6 Employment by Sector, Catoosa County 1995-2000





Major employers in Catoosa County include several manufacturers with a workforce of 100 to 1,000. As show previously, manufacturing is the largest sector of total employment in Catoosa County. In addition to the manufacturing firms, major employers include retail establishments, government entities, healthcare providers and the public school system. All of the major employers in Catoosa County are located within ten mile of the subject site. Its location near Highways 2 and 27, as well as Interstate 75, results in the site have convenient access to these employment centers.

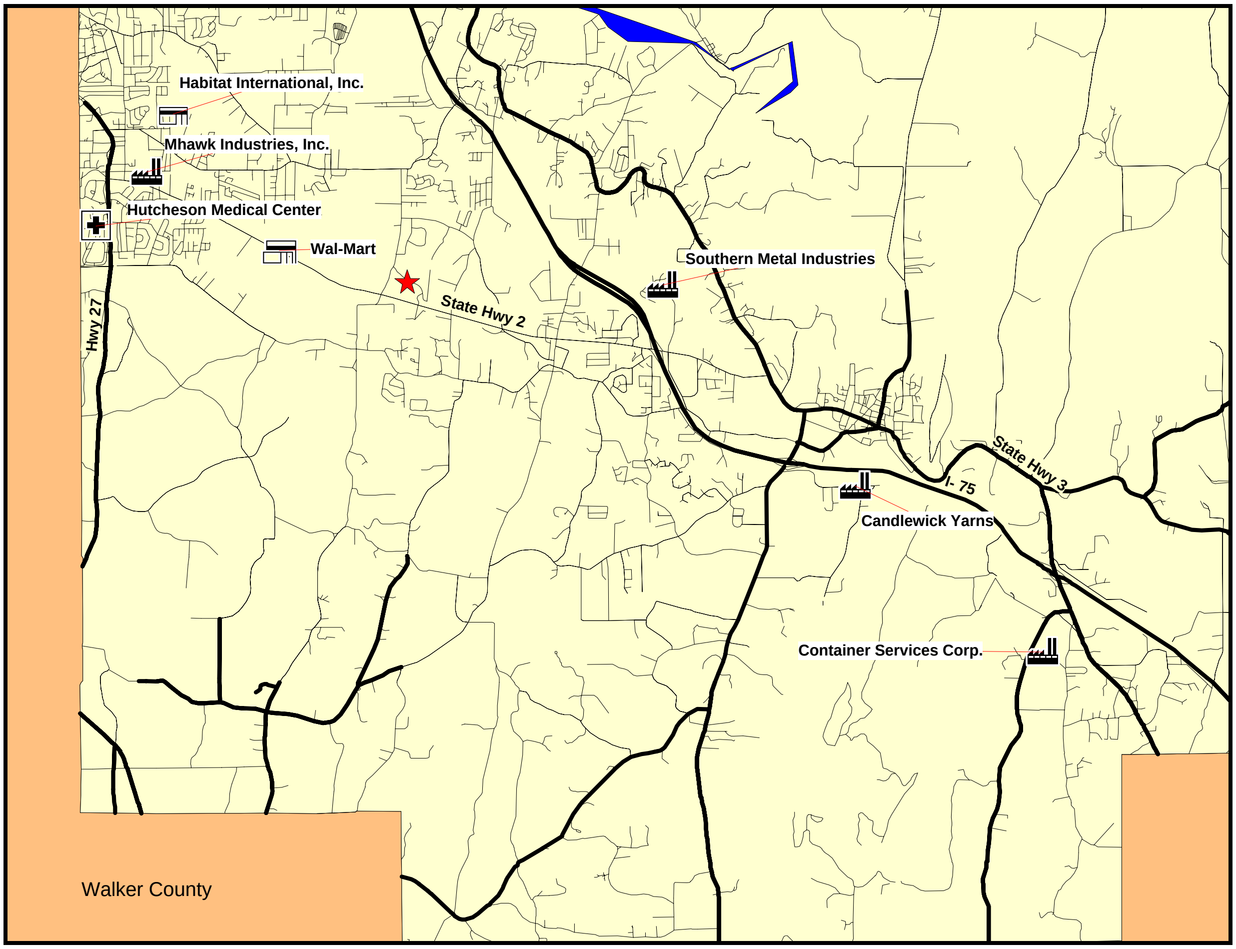
Table 7 Major Employers, Catoosa County

Employer	Location
Candlewick Yarns	Ringgold
Catoosa County Government	Ringgold
Container Service Corporation	Ringgold
Fort Oglethorpe Government	Fort Oglethorpe
Habitat International	Rossville
Hutcheson Medical Center	Fort Oglethorpe
Lakeview - Ft. Oglethorpe High School	Fort Oglethorpe
Mohawk Industries	Fort Oglethorpe
SI Corporation	Ringgold
Southern Industrial Fabrics	Rossville
Southern Metal Industries	Ringgold
Wal-Mart SuperCenter	Fort Oglethorpe

Source: Catoosa County Chamber of Commerce

The stable economic conditions in Catoosa County indicate that the calculated demand estimates and capture rates will be achievable independent of market conditions. The current economics of the area will not prevent the proposed development from achieving the calculated capture rates.

Map 4 Major Employers



B. Growth Trends

The population and household statistics for the primary market area and the Tri-County Market Area are based on the 1990 and 2000 Census counts, and growth rates derived by Claritas, Inc., a national data vendor. The Claritas growth rates have been applied to the 2000 Census totals for both the primary market area and the Tri-County Market Area.

The primary market area's 2000 population represents an increase of 8,409 persons or 15.1 percent from the 1990 Census count. At 13.6 percent, the rate of increase of the Tri-County Market Area's population has been lower during the same time period. From 2000 to 2005, the total population in the primary market area is expected to increase by 4,402 or 6.9 percent. The Tri-County Market Area's population is expected to increase at a slower pace for an increase of 5.7 percent or 13,723 people during the same five-year time period.

Based on 1990 and 2000 Census data, the PMA experienced an increase of 4,033 households, while the Tri-County Market Area increased by a total of 7,560 households (Table 8). This change equates to a 19.3 percent increase in the primary market area compared to an 18 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 1.8 percent in the PMA and 1.7 percent in the Tri-County Market Area.

Projections show that the PMA's household count is expected to increase by 2,106 or 8.4 percent by 2005 compared to an increase of 3,656 households or 7.4 percent in the Tri-County Market Area. Annual increases are projected to be 421 households or 1.6 percent in the primary market area and 731 households or 1.4 percent in the Tri-County Market Area.

In 1990, the primary market area contained 49.7 percent of the total households in the Tri-County Market Area. Accounting for 53 percent of the Tri-County Market Area's household growth between 1990 and 2000, the PMA's 2000 household county represented 50.3 percent of the Tri-County Market Area's total. The projected growth for the PMA continues this trend as 57 percent of the household growth through 2005 in the Tri-County Market Area is expect to occur in the primary market area.

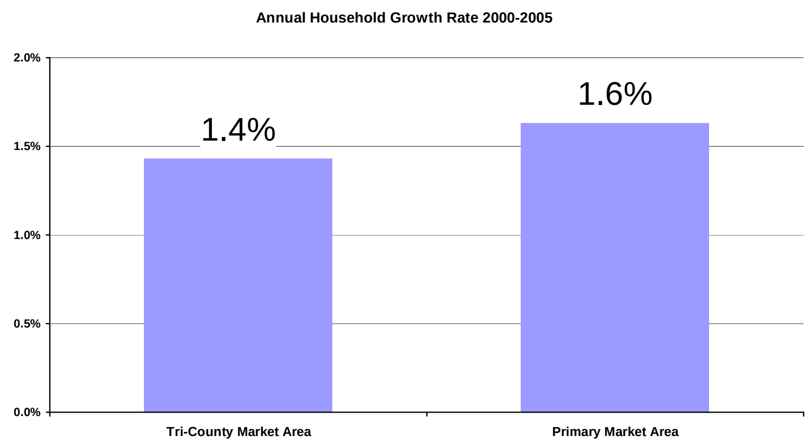
Table 8 Trends in Population and Households, PMA and Tri-County Market Area

Tri-County Market Area				Change 1990 to 2000				Change 2000 to 2005			
				Total		Annual		Total		Annual	
	1990	2000	2005	#	%	#	%	#	%	#	%
Population	113,951	129,489	136,847	15,538	13.6%	1,554	1.3%	7,358	5.7%	1,472	1.1%
Group Quarters	1,756	2,190	2,190								
Households	42,103	49,663	53,319	7,560	18.0%	756	1.7%	3,656	7.4%	731	1.4%
Average HH Size	2.66	2.56	2.53								

Primary Market Area				Change 1990 to 2000				Change 2000 to 2005			
				Total		Annual		Total		Annual	
	1990	2000	2005	#	%	#	%	#	%	#	%
Population	55,534	63,943	68,345	8,409	15.1%	841	1.4%	4,402	6.9%	880	1.3%
Group Quarters	527	618	621								
Households	20,934	24,967	27,073	4,033	19.3%	403	1.8%	2,106	8.4%	421	1.6%
Average HH Size	2.63	2.54	2.50								

Note: Annual change is compounded rate.

Source: 1990 and 2000 - 1990 and 2000 Censuses of Population and Housing; Projections, RPRG Estimates

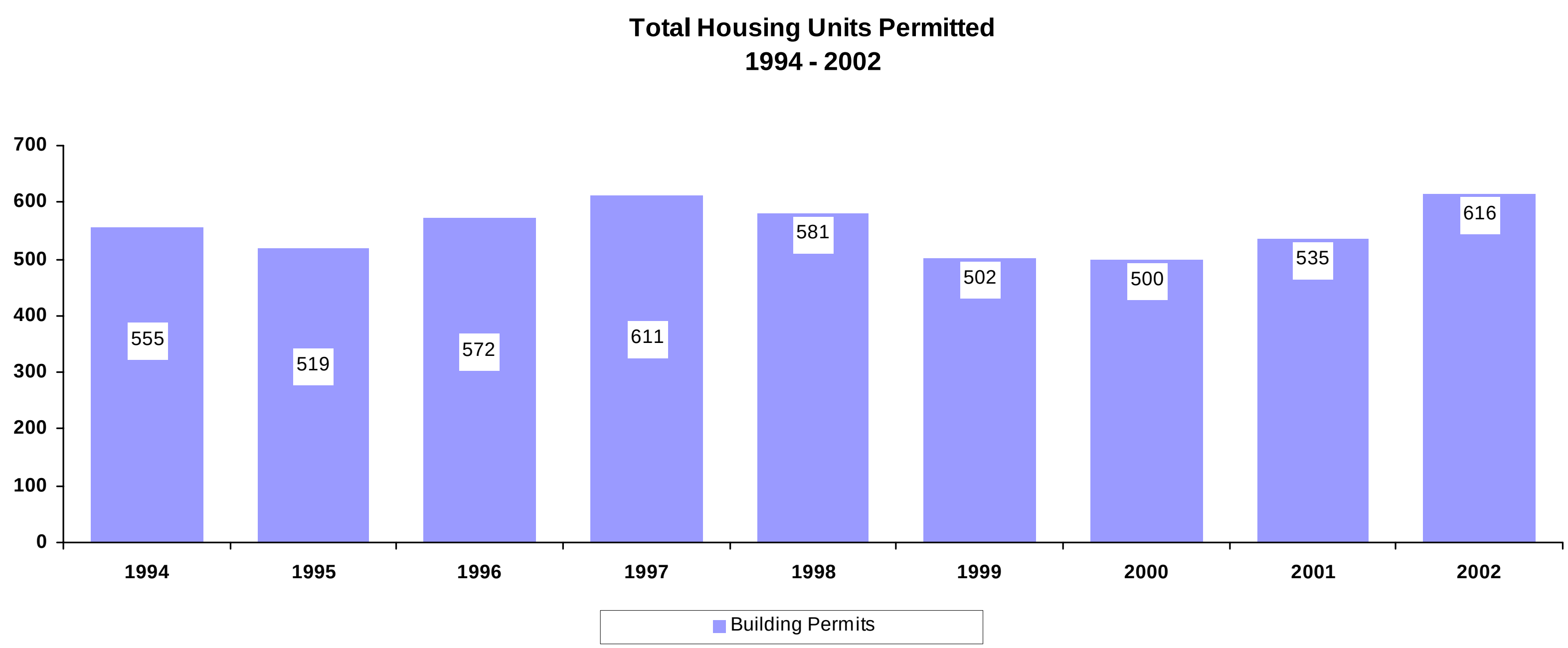


Building permit data reported in the U.S. Census Bureau's C-40 Report indicates that moderate building permit activity occurred during the past decade (Table 9). Building permit data show that an average of 555 units was permitted per year from 1994 through 2002. Data on all jurisdictions was not available prior to 1994. Permit activity has remained constant throughout the past nine years.

Table 9 Catoosa County Building Permits, 1990 - 2002

Catoosa County	1994	1995	1996	1997	1998	1999	2000	2001	2002	1990-2002	Annual
Single Family	512	519	567	491	478	385	410	431	509	4,329	478
Two Family	0	0	0	0	0	0	0	0	0	6	0
3 - 4 Family	3	0	0	24	22	31	24	39	39	226	20
5 or more Family	40	0	5	96	81	86	66	65	68	527	56
Total	555	519	572	611	581	502	500	535	616	5,088	555

Source: US Census Bureau, C-40 Building Permit Reports



C. Demographic Characteristics

The age distribution of the primary market area and the Tri-County Market Area have strong similarities. Among the 11 age cohorts, the largest differential between the two geographies was 0.5 percentage point. The majority of the age classifications were separated by less than 0.3 percentage point. The primary market area has a slightly higher percentage of its residents under the age of 10, between 25 and 44 years old and age 65 and older. Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 29.9 percent of the PMA's population and 29.5 percent of the Tri-County Market Area's population (Table 10).

In terms of household types (Table 11), the primary market area has a lower percentage of married households with 58.3 percent compared to 59.6 percent in the Tri-County Market Area. The two areas have the same percentage of households with children present, 33.8. The primary market area has a slightly higher percentage of families without children and single person households.

Table 10 2000 Age Distribution

	Tri-County Market Area		Primary Market Area	
	Number	**Percent**	**Number**	**Percent**
Under 10 years	17,778	13.7%	8,942	14.0%
10-17 years	14,707	11.4%	7,137	11.2%
18-24 years	11,412	8.8%	5,324	8.3%
25-34 years	17,855	13.8%	9,044	14.1%
35-44 years	20,376	15.7%	10,097	15.8%
45-54 years	17,866	13.8%	8,585	13.4%
55-59 years	9,441	7.3%	4,581	7.2%
60-64 years	3,473	2.7%	1,750	2.7%
65-69 years	5,165	4.0%	2,662	4.2%
70-74 years	4,381	3.4%	2,207	3.5%
75 and older	7,035	5.4%	3,614	5.7%
TOTAL	129,489	100.0%	63,943	100.0%

Source: U.S. Census of Population and Housing, 2000.

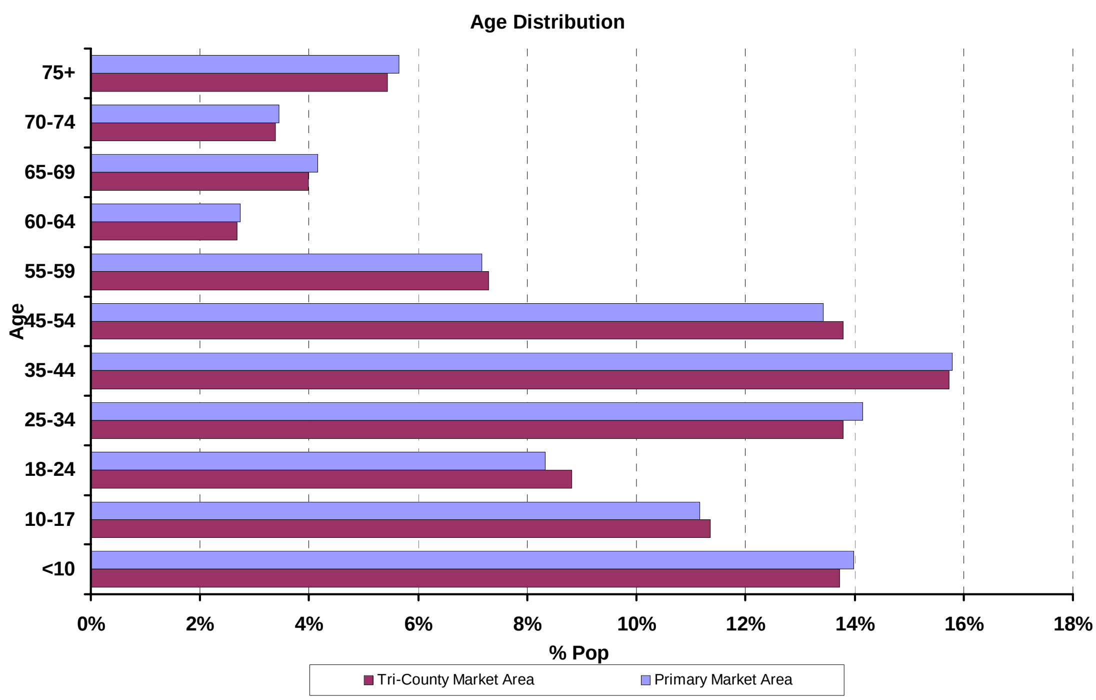
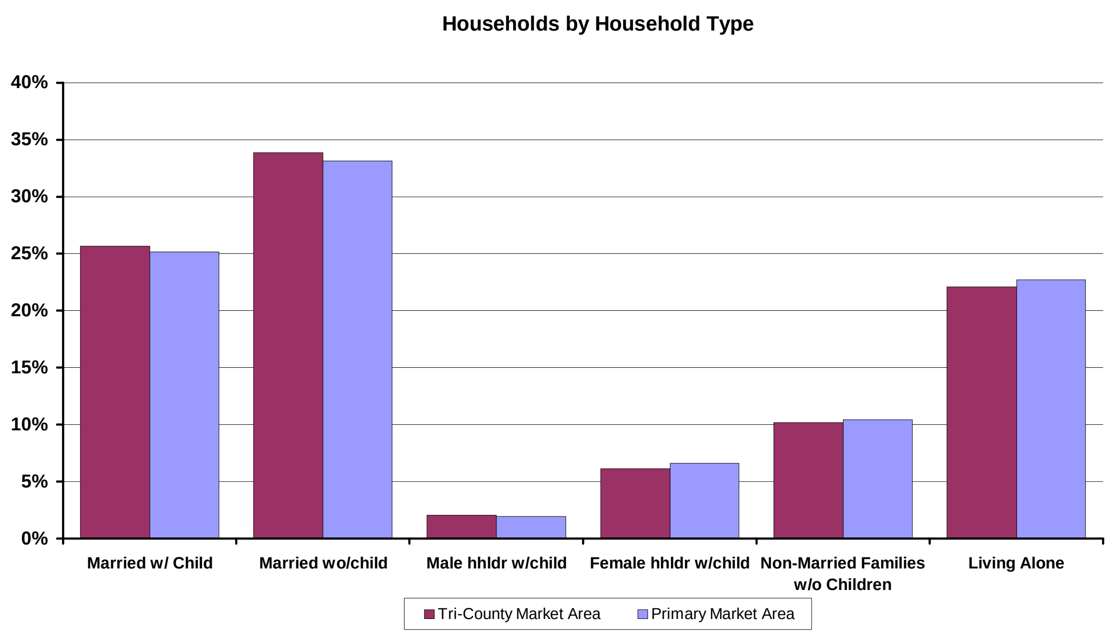


Table 11 2000 Households by Household Type

	Tri-County Market Area		Primary Market Area	
	#	%	#	%
Married w/ Child	12,743	25.7%	6,280	25.2%
Married wo/child	16,819	33.9%	8,276	33.1%
Male hhldr w/child	1,008	2.0%	487	2.0%
Female hhldr w/child	3,044	6.1%	1,648	6.6%
Non-Married Families w/o Children	5,068	10.2%	2,607	10.4%
Living Alone	10,981	22.1%	5,669	22.7%
Total	49,663	100.0%	24,967	100.0%

Source: 2000 Census



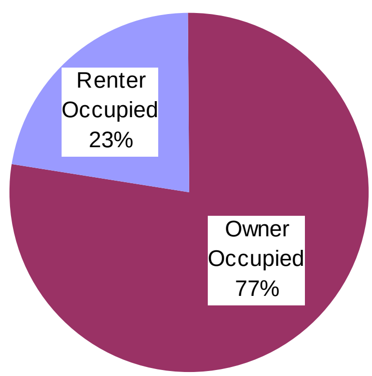
The primary market area and the Tri-County Market Area have a similar percentage of households that rent. In 2000, 24.6 percent of the householders in the PMA were renters (Table 12). In comparison, 22.6 percent of the Tri-County Market Area householders rented.

Table 12 Dwelling Units by Occupancy Status

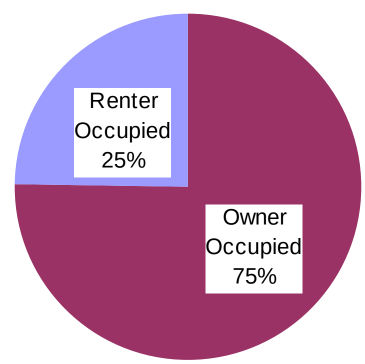
	Tri-County Market Area		Primary Market Area	
2000 Households	**Number**	**Percent**	**Number**	**Percent**
Owner Occupied	38,425	77.4%	18,817	75.4%
Renter Occupied	11,238	22.6%	6,150	24.6%
Total Occupied	49,663	100.0%	24,967	100.0%

Source: 2000 Census

Tri-County Market Area



Primary Market Area



Comparing the age of householders by tenure reveals the similarities with the overall age distribution between the two geographies. The primary market area has a higher or equal percentage of its owner occupied householders in the older age brackets (65+), while the Tri-County Market Area has a higher percentage in 4 of the 5 age cohorts under age 65 (Table 13). For renter occupied households, the difference is more defined. The primary market area has a greater percentage of its householders age 25-34 years and a smaller percentage in the remainder of the age classifications.

Table 13 2000 Households by Tenure & Age of Householder

Owner Households	Tri-County Market Area		Primary Market Area	
Age of HHldr	Number	Percent	Number	Percent
15-24 years	867	2.3%	382	2.0%
25-34 years	5,284	13.8%	2,582	13.7%
35-44 years	8,197	21.3%	4,053	21.5%
45-54 years	8,233	21.4%	3,898	20.7%
55-64 years	6,651	17.3%	3,227	17.1%
65-74 years	5,353	13.9%	2,723	14.5%
75 to 84 years	3,095	8.1%	1,591	8.5%
85+ years	745	1.9%	361	1.9%
Total	38,425	100%	18,817	100%

Renter Households	Tri-County Market Area		Primary Market Area	
Age of HHldr	Number	Percent	Number	Percent
15-24 years	1,468	13.1%	805	13.1%
25-34 years	2,988	26.6%	1,713	27.9%
35-44 years	2,523	22.5%	1,355	22.0%
45-54 years	1,653	14.7%	913	14.8%
55-64 years	1,014	9.0%	550	8.9%
65-74 years	806	7.2%	424	6.9%
75 to 84 years	596	5.3%	290	4.7%
85+ years	190	1.7%	100	1.6%
Total	11,238	100%	6,150	100%

Source: 2000 Census

D. Income Characteristics

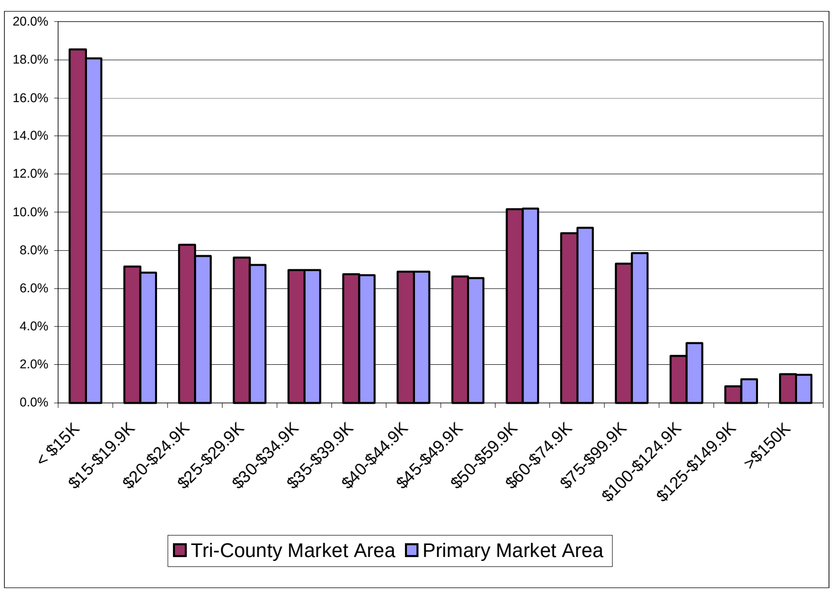
Census data indicates that the 1999 median household income for the primary market area was $37,382, 3.6 percent higher than the $36,079 median income in the Tri-County Market Area (Table 14). Nearly one quarter (24.9 percent) of the householders in the primary market area had an income of less than $20,000. In the Tri-County Market Area, 25.6 percent are similarly classified. The primary market area has a higher percentage of its householders in all income cohorts between $60,000 and $150,000. The two areas have the same percentage in each of the cohorts from $30,000 to $50,000 and over $150,000. Over twenty-one percent of primary market area householders earn between $15,000 and $30,000, the general income range to be targeted by the proposed LIHTC rental units. The Tri-County Market Area has 23 percent earning within this range.

Table 14 1999 Household Income Distribution, Primary Market Area

		Tri-County Market Area		Primary Market Area	
		Number	*Percent*	*Number*	*Percent*
less than	$15,000	9,223	18.5%	4,518	18.1%
$15,000	$19,999	3,554	7.1%	1,707	6.8%
$20,000	$24,999	4,118	8.3%	1,927	7.7%
$25,000	$29,999	3,790	7.6%	1,807	7.2%
$30,000	$34,999	3,469	7.0%	1,743	7.0%
$35,000	$39,999	3,355	6.7%	1,676	6.7%
$40,000	$44,999	3,429	6.9%	1,720	6.9%
$45,000	$49,999	3,292	6.6%	1,639	6.6%
$50,000	$59,999	5,060	10.2%	2,544	10.2%
$60,000	$74,999	4,426	8.9%	2,297	9.2%
$75,000	$99,999	3,640	7.3%	1,964	7.9%
$100,000	$124,999	1,216	2.4%	782	3.1%
$125,000	$149,999	438	0.9%	309	1.2%
$150,000	over	746	1.5%	368	1.5%
Total		49,756	100.0%	25,001	100.0%

Median Income	$36,079	$37,382

Source: U.S. Census of Population and Housing, 2000



The similarity in the overall median income between the two market areas is mirrored in both owner occupied and renter occupied householder income levels. The median income among renter householders is $23,708 in the primary market area and $23,181 in the Tri-County Market Area (Table 15). The median income for owner householders is $44,296 in the primary market area and $42,991 in the Tri-County Market Area (Table 16).

Table 15 1999 Renter Household Income Distribution

	Tri-County Market Area		Primary Market Area	
	#	%		
Less than $10,000	2,321	21.4%	1,234	20.2%
$10,000 to $19,999	2,467	22.8%	1,418	23.2%
$20,000 to $34,999	2,959	27.3%	1,616	26.5%
$35,000 to $49,999	1,800	16.6%	1,021	16.7%
$50,000 to $74,999	923	8.5%	573	9.4%
$75,000 to $99,999	264	2.4%	159	2.6%
$100,000 or more	97	0.9%	82	1.3%
TOTAL	10,831	100.0%	6,103	100.0%
Median Income	$23,181		$23,708	

Source: U.S. Census of Population and Housing, 2000

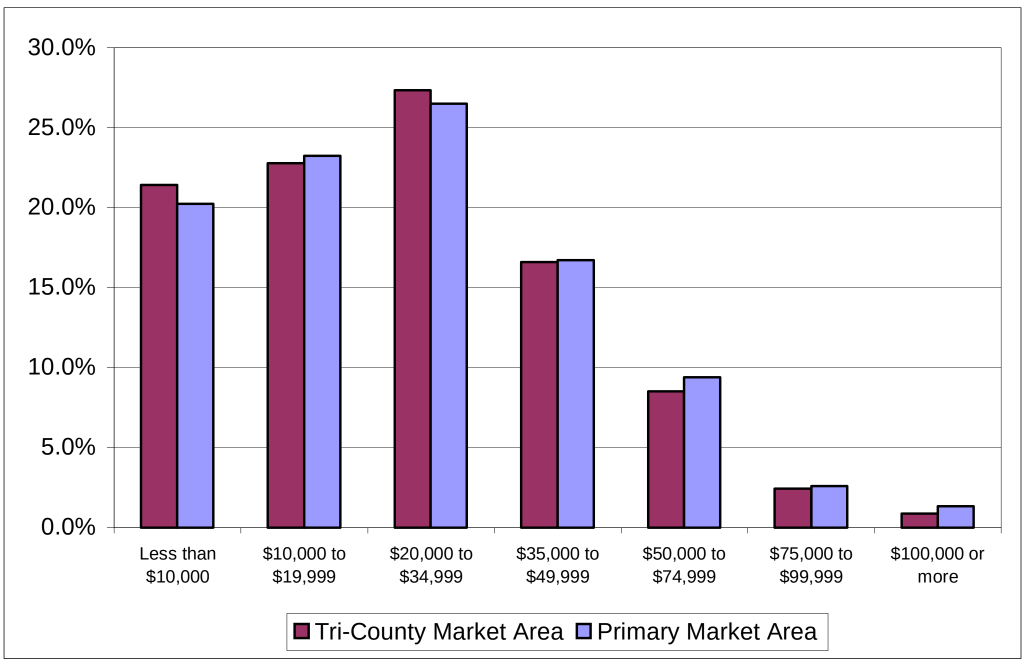
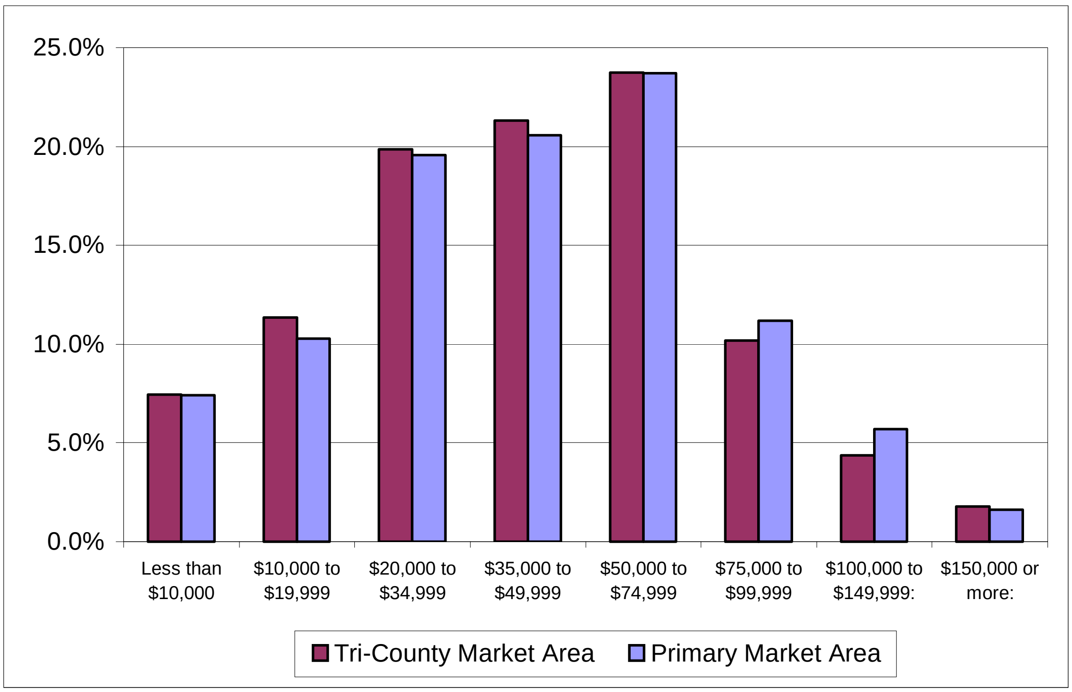


Table 16 1999 Owner Occupied Household Income Distribution

	Tri-County Market Area		Primary Market Area	
	#	%		
Less than $10,000	2,097	7.4%	1,140	7.4%
$10,000 to $19,999	3,209	11.4%	1,582	10.3%
$20,000 to $34,999	5,608	19.9%	3,008	19.6%
$35,000 to $49,999	6,015	21.3%	3,165	20.6%
$50,000 to $74,999	6,704	23.7%	3,647	23.7%
$75,000 to $99,999	2,873	10.2%	1,719	11.2%
$100,000 to $149,999:	1,232	4.4%	875	5.7%
$150,000 or more:	499	1.8%	247	1.6%
TOTAL	28,237	100.0%	15,383	100.0%
Median Income	$42,991		$44,296	

Source: U.S. Census of Population and Housing, 2000



According to the census distribution, 31.8 percent of renter householders in the primary market area spend more than 35 percent of their income on rent (Table 17). By definition of DCA's market study requirements, these renter households are rent over burdened.

Table 17 Cost Burdened Renter Households, Primary Market Area

Total Households		
Less than 10.0 percent	329	5.4%
10.0 to 14.9 percent	899	14.7%
15.0 to 19.9 percent	960	15.7%
20.0 to 24.9 percent	621	10.2%
25.0 to 29.9 percent	455	7.5%
30.0 to 34.9 percent	369	6.0%
35.0 to 39.9 percent	413	6.8%
40.0 to 49.9 percent	490	8.0%
50.0 percent or more	790	12.9%
Not computed	777	12.7%
Total	6,103	100.0%
> 35% income on rent	**1,693**	**31.8%**

V. Supply Analysis

A. Area Housing Stock

Rental development in the primary market area is consistent with the overall development in the Tri-County Market Area in terms of density (Table 18). Half of the rental stock in both areas are in single-family detached, attached or duplex houses. The primary market area has 7.9 percent of its rental units in structures with 10 or more units compared to 6.4 percent in the Tri-County Market Area. The Tri-County Market Area has a higher percentage of its rental units in single family detached homes and mobile homes than the primary market area, which is expected given its more rural composition.

Table 18 2000 Renter Households by Number of Units

	Tri-County Market Area		Primary Market Area	
Renter Occupied	*Number*	*Percent*	*Number*	*Percent*
1, detached	4,853	43.2%	2,588	42.0%
1, attached	185	1.6%	113	1.8%
2	1,258	11.2%	712	11.6%
3-4	803	7.2%	525	8.5%
5-9	1,037	9.2%	704	11.4%
10-19	319	2.8%	236	3.8%
20+ units	406	3.6%	252	4.1%
Mobile home	2,352	20.9%	1,027	16.7%
Boat, RV, Van	14	0.1%	0	0.0%
TOTAL	11,227	100.0%	6,157	100.0%

The rent distribution from the 2000 Census shows that the median rent is $386 in the primary market area and $362 in the Tri-County Market Area (Table 19). According to this distribution, 36 percent of renter householders in the primary market area paid a monthly contract rent between $400 and $600, the range in which the majority of the units at Saddle Club are priced. In comparison, 32.7 percent of renters in the Tri-County Market Area paid between $400 and $600.

The median year built among owner occupied housing units is 1974 in the primary market area and 1975 in the Tri-County Market Area. The median year built among renter occupied households is 1973 for the primary market area and 1974 for Tri-County Market Area. According to the 2000 Census, 18.9 percent of the rental units in the primary market area and 16.9 percent of the Tri-County Market Area's rental units were built between 1990 and 2000.

Table 19 2000 Census Rent Distribution.

	Tri-County Market Area		Primary Market Area	
	Number	*Percent*	*Number*	*Percent*
Less than $200	1,079	11.4%	543	10.0%
$200 to $299	1,663	17.5%	671	12.3%
$300 to $399	2,910	30.7%	1,728	31.7%
$400 to $499	2,532	26.7%	1,573	28.8%
$500 to $599	568	6.0%	389	7.1%
$600 to $699	466	4.9%	347	6.4%
$700 to $799	131	1.4%	98	1.8%
$800 and over	130	1.4%	108	2.0%
TOTAL	9,479	100.0%	5,457	100.0%
Median Rent	$362		$386	
Renters paying rent	9,479	87.5%	5,457	89.4%
No cash rent	1,352	12.5%	646	10.6%
Total Renters	10,831	100.0%	6,103	100.0%

Source: U.S. Census of Population and Housing, 2000, STF3.

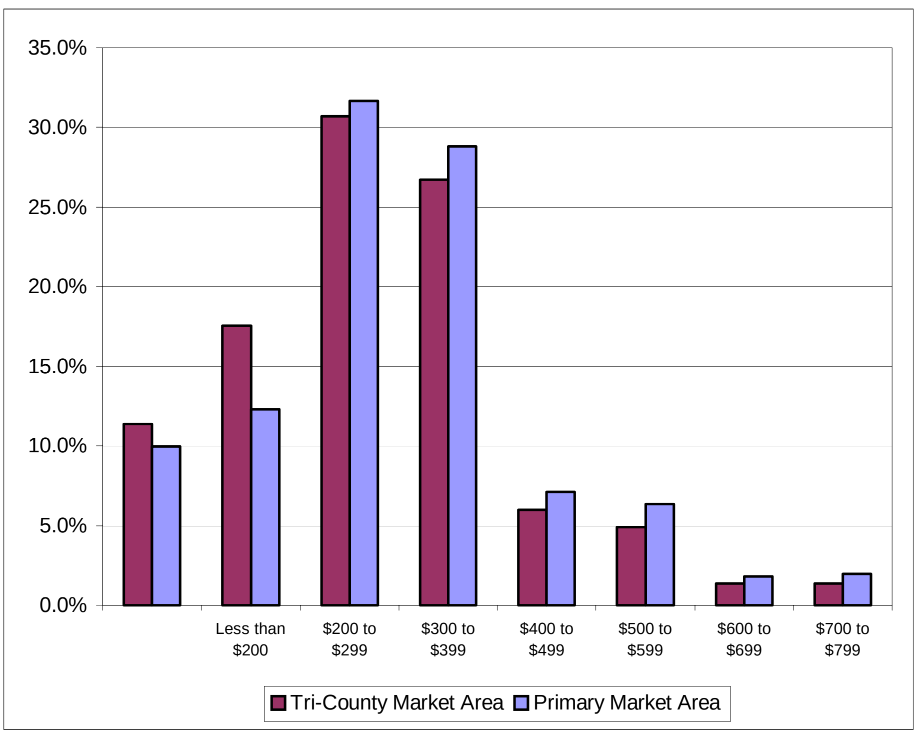


Table 20 Year Property Built

	Tri-County Market Area		Primary Market Area	
Owner Occupied	*Number*	*Percent*	*Number*	*Percent*
1999 to 2000	1,290	3.4%	584	3.1%
1995 to 1998	4,523	11.8%	2,326	12.4%
1990 to 1994	4,156	10.8%	2,063	11.0%
1980 to 1989	5,923	15.4%	2,730	14.5%
1970 to 1979	7,265	18.9%	3,341	17.8%
1960 to 1969	5,769	15.0%	2,920	15.5%
1950 to 1959	4,499	11.7%	2,424	12.9%
1940 to 1949	2,580	6.7%	1,354	7.2%
1939 or earlier	2,431	6.3%	1,068	5.7%
TOTAL	38,436	100.0%	18,810	100.0%
MEDIAN YEAR BUILT	**1975**		**1974**	

Source: U.S. Census of Population and Housing, 2000, STF3.

	Tri-County Market Area		Primary Market Area	
Renter Occupied	*Number*	*Percent*	*Number*	*Percent*
1999 to 2000	184	1.6%	120	1.9%
1995 to 1998	842	7.5%	665	10.8%
1990 to 1994	871	7.8%	379	6.2%
1980 to 1989	2,180	19.4%	1,031	16.7%
1970 to 1979	2,551	22.7%	1,388	22.5%
1960 to 1969	1,637	14.6%	955	15.5%
1950 to 1959	1,339	11.9%	850	13.8%
1940 to 1949	823	7.3%	443	7.2%
1939 or earlier	800	7.1%	326	5.3%
TOTAL	11,227	100.0%	6,157	100.0%
MEDIAN YEAR BUILT	**1974**		**1973**	

Source: U.S. Census of Population and Housing, 2000, STF3.

A housing unit is considered to be "substandard" if it meets one of two criteria. These criteria are overcrowded, which is defined as 1.01 or more persons per room, or lacking complete plumbing facilities. In the primary market area, only 1.83 percent of the housing units meet one or both of these criteria (Table 21).

Table 21 Substandard Housing Units

2000 Households	
Owner occupied:	
Complete plumbing facilities:	18,780
1.00 or less occupants per room	18,552
1.01 or more occupants per room	178
Lacking complete plumbing facilities:	50
Overcrowded or lacking plumbing	228
Renter occupied:	
Complete plumbing facilities:	6,136
1.00 or less occupants per room	5,906
1.01 or more occupants per room	190
Lacking complete plumbing facilities:	40
Overcrowded or lacking plumbing	230
Substandard Housing	**458**
Percent of Housing Stock Substandard	**1.83%**

B. Rental Market

As part of this analysis, Real Property Research Group, Inc. surveyed 9 rental communities in the primary market area. Two of the surveyed communities, Oak Ridge and Oglethorpe Ridge, are LIHTC communities. A profile sheet of each community is attached as Appendix 5 Community Photos and Profiles. The location of each community is shown on Map 5.

The 9 rental communities surveyed account for 851 dwelling units (Table 22). Six of the communities offer all garden style units and three offer all townhouse units. Most buildings are two to three stories in height. There is a wide range in building quality, which is generally proportionate with the age and price point of the community. The newer and larger communities generally feature more attractive exterior features including dormers and gables, varied roof lines, stone and/or brick accents, extensive landscaping, etc.

The multifamily rental stock in the primary market area is relatively young. The average age of the 6 rental communities providing this data is 14 years. The two newest communities were built in 1998. Of the remaining seven properties, one was built in 1990, two were built in the 1980's, and one was built in the 1970's.

Among the 703 units in the 9 surveyed communities, 26 were reported vacant for a rate of 3.7 percent. Three of the communities have a vacancy rate above 5 percent and the remaining six properties have a vacancy rate of 3.3 percent or less. Among the smaller communities in the primary market area, vacancy rates may sometime be misleading as the total number of units is generally less than 100 units. For example, the 7.5 percent vacant rate at Oak Ridge is a result of 3 vacancies among 40 total units. According to DCA's 2003 Market Study Guide, stabilization is achieved at 90 percent occupancy. In general, a strong market has fewer than 5 percent of its units vacant. The primary market area's vacancy rate of less than four percent is positioned well below these two benchmarks.

Map 5 Competitive Rental Communities

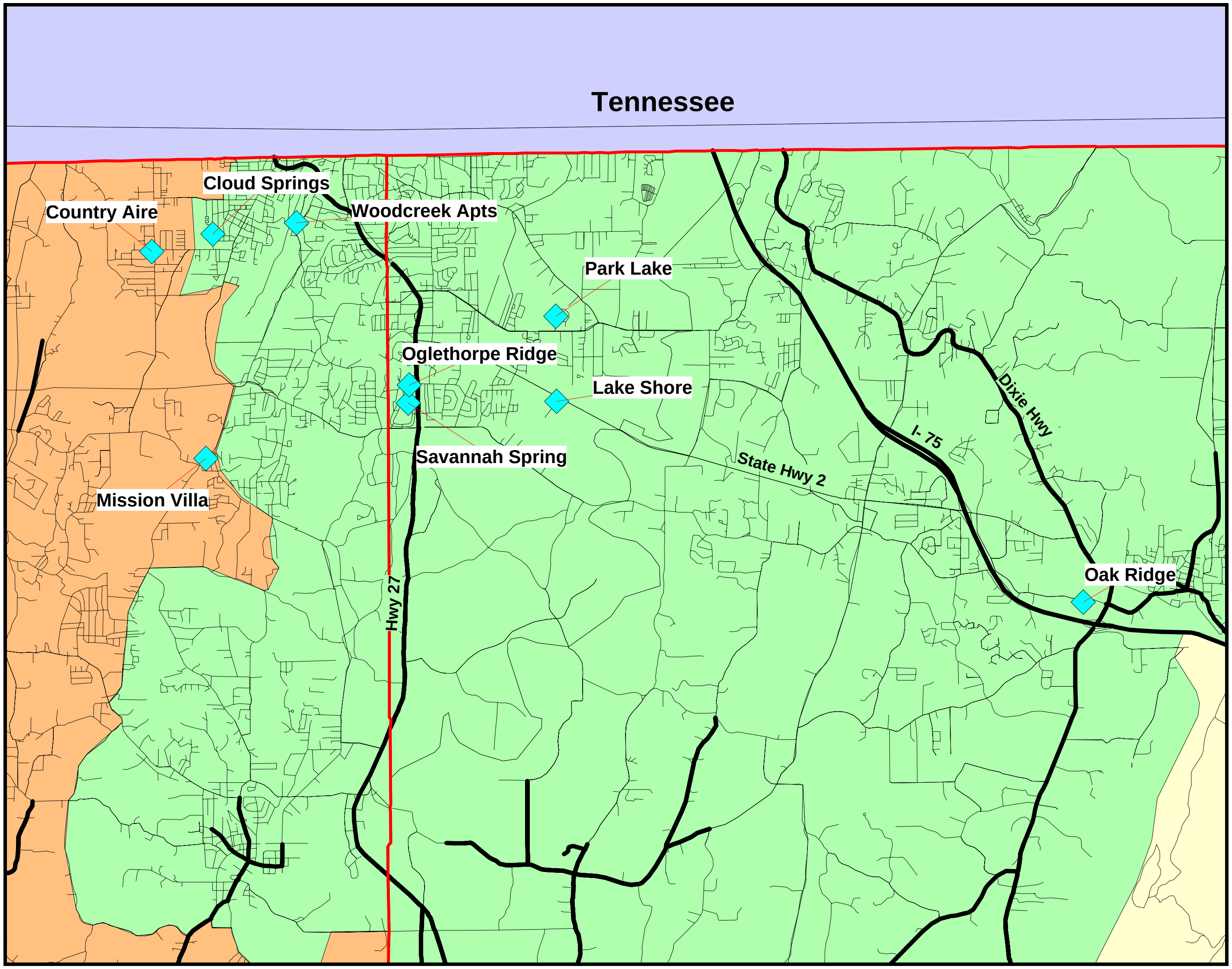


Table 22 Rental Summary

Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	(1) Average 1BR Rent	(1) Average 2BR Rent
Subject Site (30%)		**Garden**	**5**			**$197**	**$232**
Subject Site (50%)		**Garden**	**35**			**$384**	**$457**
Subject Site (60%)		**Garden**	**94**			**$460**	**$550**
Subject Site (Market)		**Garden**	**34**			**$460**	**$550**
Savannah Springs	1998	Townhouse	103	0	0.0%	$438	$600
Lake Shore	1990	Townhouse	153	1	0.7%	$455	$584
Cloud Springs	1976	Townhouse	44	1	2.3%		$525
Park Lake	1986	Garden	120	4	3.3%	$398	$525
Woodcreek Apartments		Garden	52	4	7.7%	$400	$500
Oak Ridge		Garden	40	3	7.5%	$401	$440
Mission Villa		Garden	32	1	3.1%	$318	$398
Oglethrope Ridge		Garden	97	3	3.1%	$410	
Country Aire Apartments	1984	Garden	62	9	14.5%	$460	
Total/Average	**1987**		**703**	**26**	**3.7%**	**$410**	**$510**

(1) Rent is gross rent, and not adjusted for utilities or incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2003.

The majority of the rental communities in the primary market area offer few common area amenities (Table 23). One property offers a community room, four offer a swimming pool, and three offer a playground. Five of the 9 properties offer no recreational amenities, one offers one amenity, another offers two amenities, and two offer three amenities. The number of recreational amenities is generally proportionate to the rent level of the community. The proposed amenities at Saddle Club will surpass all of the existing communities in the market area. The amenities will include a community building with gathering areas, an exercise room, and a computer lab. Additional recreational amenities will include a swimming pool, and a tot-lot.

The majority (5) of the 9 surveyed communities include the cost of water, sewer and trash removal (Table 24). Four of the remaining communities include only the cost of trash removal. Dishwashers are present at 5 of 9 of the surveyed communities and garbage disposals are included at many. Two communities include a microwave in each kitchen. The majority of the properties offer patios or balconies in most or all units and all offer community laundry facilities. Six communities include washer and dryer connections in each unit and one offers a washer and dryer in its units.

Among the 9 properties surveyed, one bedroom units are the most common, as they are offered at 8 of the 9 communities. Two bedroom units are offered at 7 communities and three bedroom units are present at only three. Based on the unit distribution among these surveyed communities, 60 percent are one bedroom units, 23 percent are two bedroom units, and 17 percent are three bedroom units.

None of the surveyed rental communities are currently offering rental incentives. The street rents at the existing communities are adjusted to account for the cost of utilities. The average net rent among the surveyed communities is $412 for a one bedroom unit, $514 for a two bedroom unit, and $567 for a three bedroom unit. The average square footages are 659, 1,089, and 1,233 for the one, two and three bedroom units respectively. The proposed 30 percent and 50 percent rents at Saddle Club are lower than these average rents for 5 of 6 floorplans with the sixth floorplan being only $4 above the average. The proposed square footages at Saddle Club are larger than the average for all floorplans. The proposed rents will be accompanied by new construction, larger units, extensive amenities and an attractive location.

The proposed rents among for the 60% LIHTC units are similar to the proposed market rate rents. These rents are higher than the average among all existing communities, but competitive to the more comparable communities including Oglethorpe Ridge, Park Lake and Savannah Springs. The price per square foot shows that the proposed rents are lower than the overall average for one bedroom units and within $0.01 of the two and three bedroom units. The proposed rent are appropriate and achievable given the proposed location and product to be constructed.

Table 23 Common Area Amenities of Surveyed Communities

Community	Clubhouse	Fitness Room	Pool	Playground
Subject Site	☒	☒	☒	☒
Cloud Springs	☐	☐	☐	☐
Country Aire Apartments	☐	☐	☐	☐
Lake Shore	☐	☐	☐	☐
Mission Villa	☐	☐	☐	☐
Oak Ridge	☐	☐	☐	☐
Oglethrope Ridge	☒	☐	☒	☒
Park Lake	☒	☐	☒	☒
Savannah Springs	☐	☐	☒	☒
Woodcreek Apartments	☐	☐	☒	☐

Source: Field Survey, Real Property Research Group, Inc. June, 2003.

Table 24 Features of Rental Communities in Primary Market Area

		Utilities included in Rent									
Community	**Heat Type**	**Heat**	**Hot Water**	**Cooking**	**Electric**	**Water**	**Trash**	**Dishwasher**	**Microwave**	**Parking**	**In Unit Laundry**
Subject Site	**Electric**	☐	☐	☐	☐	☐	☒	**Standard**	**Standard**	**Free Surface Parking**	**Hook Ups**
Cloud Springs	Electric	☐	☐	☐	☐	☒	☒	Standard		Free Surface Parking	Hook Ups
Country Aire Apartments	Electric	☐	☐	☐	☐	☒	☒			Free Surface Parking	
Lake Shore	Electric	☐	☐	☐	☐	☐	☒			Free Surface Parking	Hook Ups
Mission Villa	Electric	☐	☐	☐	☐	☐	☒			Free Surface Parking	Hook Ups
Oak Ridge	Electric	☐	☐	☐	☐	☒	☒			Free Surface Parking	Hook Ups
Oglethrope Ridge	Natural Gas	☐	☐	☐	☐	☒	☒	Standard		Free Surface Parking	Hook Ups
Park Lake	Electric	☐	☐	☐	☐	☒	☒	Standard	Standard	Free Surface Parking	Hook Ups
Savannah Springs	Electric	☐	☐	☐	☐	☐	☒	Standard	Standard	Free Surface Parking	Standard - Stacked
Woodcreek Apartments	Electric	☐	☐	☐	☐	☐	☒	Standard		Free Surface Parking	

Source: Field Survey, Real Property Research Group, Inc. June, 2003.

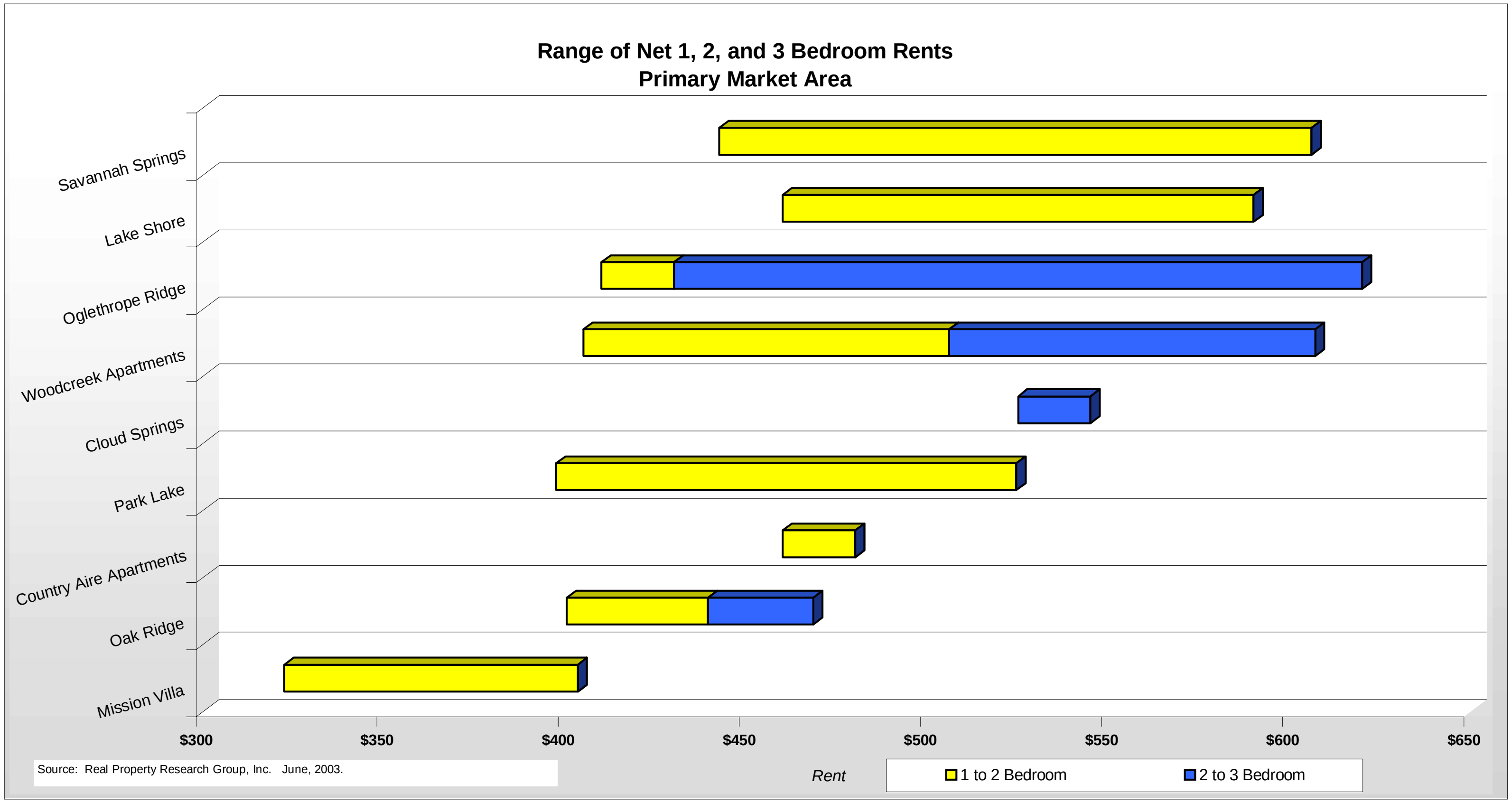
Table 25 Salient Characteristics, PMA Rental Communities

Community	Type	Total Units	Units	(1) Rent	SF	Rent/SF	Units	(1) Rent	SF	Rent/SF	Units	(1) Rent	SF	Rent/SF
			One Bedroom Units				Two Bedroom Units				Three Bedroom Units			
Subject Site (30%)	**Garden**	**5**	**1**	**$197**	**921**	**$0.21**	**3**	**$232**	**1,135**	**$0.20**	**1**	**$257**	**1,361**	**$0.19**
Subject Site (50%)	**Garden**	**35**	**5**	**$384**	**921**	**$0.42**	**20**	**$457**	**1,135**	**$0.40**	**10**	**$571**	**1,361**	**$0.42**
Subject Site (60%)	**Garden**	**94**	**13**	**$460**	**921**	**$0.50**	**54**	**$550**	**1,135**	**$0.48**	**27**	**$640**	**1,361**	**$0.47**
Subject Site (Market)	**Garden**	**34**	**5**	**$460**	**921**	**$0.50**	**19**	**$550**	**1,135**	**$0.48**	**10**	**$640**	**1,361**	**$0.47**
Oglethrope Ridge	Garden	97	5	$410	731	$0.56					36	$625	1,150	$0.54
Savannah Springs	Townhouse	103		$443	546	$0.81		$606	1,302	$0.47				
Country Aire Apartments	Garden	62	62	$460	500	$0.92								
Lake Shore	Townhouse	153	59	$460	600	$0.77	5	$590	960	$0.61				
Cloud Springs	Townhouse	44					44	$525	1,100	$0.48				
Park Lake	Garden	120		$398	678	$0.59		$525	958	$0.55				
Woodcreek Apartments	Garden	52		$405	900	$0.45		$506	1,125	$0.45		$607	1,315	$0.46
Oak Ridge	Garden	40		$401				$440				$469		
Mission Villa	Garden	32		$323				$404						
	Average / Total	**703**		**$412**	**659**	**$0.63**		**$514**	**1,089**	**$0.47**		**$567**	**1,233**	**$0.46**
	Unit Distribution	**211**	**126**				**49**				**36**			
	% of Total	**30%**	**60%**				**23%**				**17%**			

(1) Rent is adjusted, net of utilities and incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2003.

Figure 3 Range of Net Rents



As the figure on the preceding page illustrates, there are no breaks in the range of net rents in the primary market area. Savannah Springs, Lake Shore, and Oglethorpe Ridge represent the upper-end of the rental market. The rental communities from Woodcreek to Oak Ridge represent the middle of the rental market. Mission Villa represents the lower end of the rental market.

C. Proposed Developments

According to development officials with Catoosa County and Walker County, there is no upcoming development of comparable rental communities within the boundaries of the PMA.

Only one family oriented community has received a DCA allocation for tax credits in Catoosa County or Walker County over the past four years. Bedford Place was approved in 2002 for 88 mixed income family oriented units in Ringgold, Catoosa County. This community will feature 5 LIHTC units at 30 percent of the AMI, 40 LIHTC units at 50 percent of the AMI, 25 LIHTC units at 60 percent of the AMI, and 18 market rate units. The proposed LIHTC units at this community are priced similarly to the proposed rents at Saddle Club. The rents for the 60 percent and market rate units at Bedford Place will be $385, $485, and $550 for one, two and three bedroom units respectively. These proposed rents are lower than those proposed at Saddle Club for similar income ranges. Bedford Place is currently under construction. According to the developer, the first units are expected to come on-line by November or December of this year.

VI. Findings and Conclusions

A. Findings

Based on this review of economic and demographic characteristics of the primary market area and Tri-County Market Area and competitive housing trends, we arrive at the following findings:

The subject property is located on the north side of Highway 2 approximately two miles west of Interstate along the periphery of Fort Oglethorpe.

- The site is a 18.91 acre tract on the north side of Highway 2 at its intersection with Dyer Bridge Road. The site consists primarily of undeveloped, heavily wooded land with many mature trees. The site is bordered to the north by Dyer Bridge Road, to the east by Dyer Bridge Road, to the south by Highway 2, and to the west by Dietz Road.
- Ingress and egress will be available off Dyer Bridge Road. Dyer Bridge Road is a lightly traveled residential street with a speed limit of 25 miles per hour. No problems are expected with ingress or egress. Access to/from Highway 2 will be not be available.
- The proposed community will be compatible with surrounding land uses. The majority of the development in the immediate area surrounding the site consists of single-family detached homes and a few houses of worship. The majority of the surrounding land is zoned for residential use. The zoning is not expected to change.

Catoosa County has an established economy with a stable outlook for future growth.

- In 2001, employment in Catoosa County had reached 14,538 as job growth averaged over 250 jobs annually since 1990. Overall, the county has experienced a net increase of over 3,000 jobs or 26 percent since 1990. Similar to national trends, Catoosa County has experienced an economic downturn over the past two years as 2001 and the first three quarters of 2002 experienced a net loss in jobs

- Unemployment rates in Catoosa County have remained lower than the unemployment rates in the state of Georgia, while following similar trends. Between 1990 and 2002, the unemployment rate decreased six years, remained unchanged three years, and increased during three years. The overall unemployment rate has decreased significantly from the decade high of 6.0 percent in 1992, as the year-end unemployment rate in 2002 was 3.0 percent. During the first 4 months of 2003, Catoosa County's unemployment rate has decreased by nearly a full percentage point compared to Georgia's decline of 0.2 percentage point.

Both the primary market area and the Tri-County Market Area have experienced steady growth over the past ten years. Growth in both areas is expected to continue.

- Based on 1990 and 2000 Census data, the PMA experienced an increase of 4,033 households, while the Tri-County Market Area increased by a total of 7,560 households. This change equates to a 19.3 percent increase in the primary market area compared to a 18 percent increase in the Tri-County Market Area. The annual compounded rates of household growth were 1.8 percent in the PMA and 1.7 percent in the Tri-County Market Area.
- Projections show that the PMA's household count is expected to increase by 2,106 or 8.4 percent by 2005 compared to an increase of 3,656 households or 7.4 percent in the Tri-County Market Area. Annual increases are projected to be 421 households or 1.6 percent in the primary market area and 731 households or 1.4 percent in the Tri-County Market Area.

The primary market area's households are similar in age, however more affluent than the Tri-County Market Area.

- The primary market area has a slightly higher percentage of its residents under the age of 10, between 25 and 44 years old and age 65 and older. Among the 11 age cohorts, the largest differential between the two geographies was 0.5 percentage point. The majority of the age classifications were separated by less than 0.3 percentage point.

- The majority of the householders in both the primary market area and Tri-County Market Area are married. The two geographies have the same percentage of households with children, 33.8 percent.
- Renters are most common among householders age 25 to 44 years of age. This age grouping accounts for 29.9 percent of the PMA's population and 29.5 percent of the Tri-County Market Area's population.
- The primary market area and the Tri-County Market Area have a similar percentage of households that rent. In 2000, 24.6 percent of the householders in the PMA were renters. In comparison, 22.6 percent of the Tri-County Market Area householders rented.
- Census data indicates that the 1999 median household income for the primary market area was $37,382, 3.6 percent higher than the $36,079 median income in the Tri-County Market Area.
- Over twenty-one percent of primary market area householders earn between $15,000 and $30,000, the general income range to be targeted by the proposed LIHTC rental units.

The rental stock has expanded little over that past two decades. A wide variety of property types and amenities are represented in the primary market area.

- Half of the rental stock in both areas is in single-family detached, attached or duplex houses. The primary market area has 7.9 percent of its rental units in structures with 10 or more units compared to 6.4 percent in the Tri-County Market Area.
- The rent distribution from the 2000 Census shows that the median rent is $386 in the primary market area and $362 in the Tri-County Market Area. According to this distribution, 36 percent of renter householders in the primary market area paid a monthly contract rent between $400 and $600, the range in which the majority of the units at Saddle Club are priced. In comparison, 32.7 percent of renters in the Tri-County Market Area paid between $400 and $600.
- The 9 rental communities surveyed account for 851 dwelling units. The multifamily rental stock in the primary market area is relatively young. The average age of the 6

rental communities providing this data is 14 years. The two newest communities were built in 1998.

- Among the 703 units in the 9 surveyed communities, 26 were reported vacant for a rate of 3.7 percent. Three of the communities have a vacancy rate above 5 percent and the remaining six properties have a vacancy rate of 3.3 percent or less.
- Among the 9 properties surveyed, one bedroom units are the most common, as they are offered at 8 of the 9 communities. Two bedroom units are offered at 7 communities and three bedroom units are present at only three. Based on the unit distribution among these surveyed communities, 60 percent are one bedroom units, 23 percent are two bedroom units, and 17 percent are three bedroom units.
- None of the surveyed rental communities are currently offering rental incentives. The street rents at the existing communities are adjusted to account for the cost of utilities. The average net rent among the surveyed communities is $412 for a one bedroom unit, $514 for a two bedroom unit, and $567 for a three bedroom unit. The average square footages are 659, 1,089, and 1,233 for the one, two and three bedroom units respectively.

B. Demand

Based on household projections discussed in Section VI of this report, we estimate that 26,638 households reside in the market area in 2004, which will increase to 27,964 by 2007. Based on these estimates, we have computed an estimate of demand for rental housing in this market (Table 26).

- Based on the projected household growth in the primary market area, there will be demand for 1,326 household units over the next three years.
- It is assumed that 0.50 percent of the housing stock in the primary market area will be lost due to demolition, natural disaster, or fire on an annual basis. This is conservative rate given the age of the housing stock in the PMA. A total of 402 units will be removed from the market by 2007, which increases the overall housing demand to 1,728.
- Based on 2000 Census data, 24.6 percent of householders were renters. Applying this rate to the projected number of households, we project a potential pool of 426 renters in 2007.
- Typically, it is assumed that a five percent vacancy rate is required to keep a rental market relatively fluid, e.g. giving people a choice of where they wish to live in a rental unit. As a result, 9 units must be added to the market to achieve 5 percent vacancy.
- Thus, total rental demand for rental housing would be 435 in 2007.
- In order to determine the net excess demand for rental housing, upcoming units including the subject property are subtracted from the total rental demand. The proposed 88 under construction at Bedford Place and the 168 units proposed at Saddle Club are the only units known to be in the pipeline.
- Subtracting the 241 units at these two properties expected to be unleased in 2004, we derive an excess rental demand for 194 rental units in the market area.

Table 26 Derivation of Demand.

Derivation of Demand

Demand			***Units***
2004 Households			**26,638**
2007 Households			**27,964**
Household Growth 2004 to 2007			**1,326**
Add: Units Removed from Market			**402**
Overall Housing Demand			**1,728**
Percent Renter Households			**24.6%**
Demand for Rental Units			**426**
Competitive Inventory			
	Inventory	Vacant	
Stablized Multifamily Communities	703	26	
Properties in Lease Up	0	0	
	703	26	
Market Vacancy at 5%		35	
Less: current Vacant Units		-26	
Vacant units required to reach 5% Market Vacancy			**9**
Total Rental Demand			**435**

Supply	Vacant Units	Lease Up in 2003	2004 Supply
Bedford Place	88	15	73
Subject Site	168	0	168
Total New Rental Supply			**241**
Excess Demand for Rental Housing			**194**

C. Affordability Analysis

To understand the depth of the rental market for affordable housing in the primary market area, we have conducted an affordability analysis for the proposed units (Table 27). A penetration rate is determined which reflects the number of income qualified households in the market the subject property must capture in order to gain full occupancy.

- To calculate the income distribution for 2005, we projected incomes based on 2000 Census data on total income distribution, renter household income distribution and trends in per capita income since 1999. Following HUD guidelines, maximum income limits were imposed on potential renters. Assuming 1.5 persons for a one bedroom unit, 3 persons for two bedroom units, 4.5 persons for three bedroom units, the income limits were translated into maximum rent limits.
- Using a 35 percent underwriting criteria, we determined that the gross one bedroom rent ($281) for the 30 percent one bedroom units would be affordable to households earning a minimum of $9,634, which includes 24,635 households in the primary market area.
- Based on the 2003 HUD income limits for households at 30 percent of median income, the maximum income allowed for a one bedroom unit in this market would be $11,250. We estimate that 24,227 households within the primary market area have incomes above that maximum.
- Subtracting the 24,277 households with incomes above the maximum income from the 24,635 households that could afford to rent this unit, we compute that 409 households are within the band of being able to afford the proposed rent. The proposed one 30 percent one bedroom unit would require a penetration rate of 0.2 percent of all qualified households. Among renter households, the penetration rate for this floorplan is 0.5 percent. Using the same methodology, we determined the band of qualified households for each of the other bedroom types offered in the community.
- Given the income requirements of each unit type and the overlap of income bands, project wide affordability bands were calculated. Looking at all 168 units, the project will need to absorb 1.6 percent of the 10,547 households that

earn between $9,634 and $41,600 in the primary market area. For renter households, the 168 proposed units must capture 4.5 percent of the income qualified renter households.

- Affordability by floorplan indicates that there is a sufficient number of income qualified households for all floorplans.

Table 27 Affordability Analysis for Saddle Club.

30% Units

One Bedroom Units

Base Price	Minimum	Maximum
Number of Units	1	
Net Rent	$197	
Gross Rent	$281	
% Income Spent for Shelter	35%	
Income Range	$9,634	$11,250
Range of Qualified Hslds	24,635	24,227
# Qualified Households		409
Unit Total HH Capture Rate		**0.2%**
Range of Qualified Renters	5,673	5,490
# Qualified RenterHouseholds		183
Unit Renter HH Capture Rate		**0.5%**

Two Bedroom Units

Base Price	Minimum	Maximum
Number of Units	3	
Net Rent	$232	
Gross Rent	$337	
% Income Spent for Shelter	35%	
Income Range	$11,554	$13,500
Range of Qualified Hslds	24,150	23,497
# Qualified Households		653
Unit Total HH Capture Rate		**0.5%**
Range of Qualified Renters	5,456	5,164
# Qualified RenterHouseholds		292
Unit Renter HH Capture Rate		**1.0%**

Three Bedroom Units

Base Price	Proposed	Maximum
Number of Units	1	
Net Rent	$257	
Gross Rent	$390	
% Income for Shelter	35%	
Income	$13,371	$15,600
Band of Qualified Hslds	23,540	22,788
# Qualified Households		752
Unit Total HH Capture Rate		**0.1%**
Range of Qualified Renters	5,184	4,848
# Qualified RenterHouseholds		336
Unit Renter HH Capture Rate		**0.3%**

50% Units

One Bedroom Units

Base Price	Minimum	Maximum
Number of Units	5	
Net Rent	$384	
Gross Rent	$468	
% Income Spent for Shelter	35%	
Income Range	$16,046	$18,750
Range of Qualified Hslds	22,638	21,750
# Qualified Households		887
Unit Penetration Rate		**0.6%**
Range of Qualified Renters	4,781	4,384
# Qualified RenterHouseholds		396
Unit Renter HH Penetration Rate		**1.3%**

Two Bedroom Units

Base Price	Minimum	Maximum
Number of Units	20	
Net Rent	$457	
Gross Rent	$562	
% Income Spent for Shelter	35%	
Income Range	$19,269	$22,500
Range of Qualified Hslds	21,585	20,555
# Qualified Households		1,030
Unit Penetration Rate		**1.9%**
Range of Qualified Renters	4,311	3,851
# Qualified RenterHouseholds		460
Unit Renter HH Penetration Rate		**4.3%**

Three Bedroom Units

Base Price	Proposed	Maximum
Number of Units	10	
Net Rent	$517	
Gross Rent	$650	
% Income for Shelter	35%	
Income	$22,286	$26,000
Band of Qualified Hslds	20,623	19,325
# Qualified Households		1,299
Unit Penetration Rate		**0.8%**
Range of Qualified Renters	3,881	3,449
# Qualified RenterHouseholds		433
Unit Renter HH Penetration Rate		**2.3%**

60% Units

One Bedroom Units

Base Price	Proposed	Maximum
Number of Units	13	
Net Rent	$460	
Gross Rent	$544	
% Income for Shelter	35%	
Income	$18,651	$22,500
Range of Qualified Hslds	21,782	20,555
# Qualified Households		1,227
Unit Penetration Rate		**1.1%**
Range of Qualified Renters	4,399	3,851
# Qualified RenterHouseholds		548
Unit Renter HH Penetration Rate		**2.4%**

Two Bedroom Units

Base Price	Proposed	Maximum
Number of Units	54	
Net Rent	$550	
Gross Rent	$655	
% Income for Shelter	35%	
Income	$22,457	$27,000
Range of Qualified Hslds	20,569	18,965
# Qualified Households		1,604
Unit Penetration Rate		**3.4%**
Range of Qualified Renters	3,857	3,341
# Qualified RenterHouseholds		516
Unit Renter HH Penetration Rate		**10.5%**

Three Bedroom Units

Base Price	Proposed	Maximum
Number of Units	27	
Net Rent	$640	
Gross Rent	$773	
% Income for Shelter	35%	
Income	$26,503	$31,200
Band of Qualified Hslds	19,144	17,503
# Qualified Households		1,641
Unit Penetration Rate		**1.6%**
Range of Qualified Renters	3,394	2,902
# Qualified RenterHouseholds		493
Unit Renter HH Penetration Rate		**5.5%**

Market Rate

One Bedroom Units

Base Price	Proposed	Maximum
Number of Units	5	
Net Rent	$460	
Gross Rent	$544	
% Income for Shelter	35%	
Income	$18,651	$30,000
Range of Qualified Hslds	21,782	17,908
# Qualified Households		3,874
Unit Capture Rate		**0.1%**
Range of Qualified Renters	4,399	3,023
# Qualified RenterHouseholds		1,375
Unit Renter HH Penetration Rate		**0.4%**

Two Bedroom Units

Base Price	Proposed	Maximum
Number of Units	19	
Net Rent	$550	
Gross Rent	$655	
% Income for Shelter	35%	
Income	$22,457	$36,000
Range of Qualified Hslds	20,569	15,898
# Qualified Households		4,671
Unit Capture Rate		**0.4%**
Range of Qualified Renters	3,857	2,420
# Qualified RenterHouseholds		1,437
Unit Renter HH Penetration Rate		**1.3%**

Three Bedroom Units

Base Price	Proposed	Maximum
Number of Units	10	
Net Rent	$640	
Gross Rent	$773	
% Income for Shelter	35%	
Income	$26,503	$41,600
Band of Qualified Hslds	19,144	14,088
# Qualified Households		5,055
Unit Capture Rate		**0.2%**
Range of Qualified Renters	3,394	1,905
# Qualified RenterHouseholds		1,489
Unit Renter HH Penetration Rate		**0.7%**

Gross Penetration Rate by Income			Total Households					Renter Households				
	Number of Units		Band of Qualified HHs		# Qualified HHs			Band of Qualified HHs		# Qualified HHs		
		Income	$9,634	$15,600				$9,634	$15,600			
30% Units	5	*HHs*	24,635	22,788	1,847	**0.3%**	**Penetration Rate**	5,673	4,848	825	**0.6%**	**Penetration Rate**
		Income	$16,046	$26,000				$16,046	$26,000			
50% Units	35	*HHs*	22,638	19,325	3,313	**1.1%**	**Penetration Rate**	4,781	3,449	1,332	**2.6%**	**Penetration Rate**
		Income	$18,651	$31,200				$18,651	$31,200			
60% Units	94	*HHs*	21,782	17,503	4,278	**2.2%**	**Penetration Rate**	4,399	2,902	1,497	**6.3%**	**Penetration Rate**
		Income	$18,651	$41,600				$18,651	$41,600			
Market Rate	34	*HHs*	21,782	14,088	7,693	**0.4%**	**Penetration Rate**	4,399	1,905	2,493	**1.4%**	**Penetration Rate**
		Income	$9,634	$41,600				$9,634	$41,600			
Total Units	168	*HHs*	24,635	14,088	10,547	**1.6%**	**Penetration Rate**	5,673	1,905	3,768	**4.5%**	**Penetration Rate**

Source: 2000 U.S. Census, estimates,Real Property Research Group, Inc.

D. DCA Demand Calculations

We believe that the demand and affordability methodology shown in the preceding sections is an accurate and reliable measure of project feasibility. As the proposed development will be applying for nine percent tax credits from the Georgia Department of Community Affairs, this section illustrates demand per the methodology in DCA's Market Study Requirements.

DCA's demand methodology consists of three components. The first is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to US Census data, the percentage of households in the primary market area that are "substandard" is 1.83 percent (Table 21).

The second component of demand is population growth. This number is the number of age and income qualified renter households anticipated to move into the market area between 2000 and 2005.

The final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to Census data, 31.8 percent of renter households are categorized as cost burdened (Table 17).

DCA requires that demand be calculated with several variations. Demand and capture rates are to be calculated for all low income units, all market rate units, on a floorplan basis, and pursuant to conversations with DCA underwriting staff, total demand for all units.

DCA considers units that have been constructed within the past three years to have an impact on the future demand for new development. For this reason, the units constructed within the past three years and those planned within the primary market area are subtracted from the estimate of demand. As these communities offer a wide range of unit types at varying levels of the AMI, this subtraction is done prior to applying the subject property's income qualification to the demand estimate. A detailed list of those units subtracted from the demand estimate can be found on the following page in Table 28.

The capture rates for Saddle Club are 13 percent for the LIHTC units, 3.6 percent for the market rate units, and 12.1 percent for all units. These capture rates, net of recent and upcoming developments, indicate sufficient income qualified demand for the proposed units at Saddle Club. The capture rates on a floorplan basis range from 0.8 percent to 27.1 percent. Eleven of the 12 floorplans have a capture rate of below 15 percent.

Table 28 Recently Built and Pipeline Units

Property	1-Bedroom	2-Bedroom	3-Bedroom	Total
Bedford Place - 30%	2	3	0	5
Bedford Place - 50%	8	24	8	40
Bedford Place - 60%	6	11	8	25
Bedford Place - MKT	4	10	4	18
Total	**20**	**48**	**20**	**88**

Table 29 DCA Demand Estimates

Primary Market Area Demand	*LIHTC Units*	*Market Rate Units*	*Total Units*
Substandard Households	113	113	113
Renter Household Growth	519	519	519
Cost Burdened Renter HH's	1,955	1,955	1,955
Total Demand	**2,587**	**2,587**	**2,587**
Recent and Pipeline Units	70	18	88
Net Demand	**2,517**	**2,569**	**2,499**
% Income Qualified	40.98%	36.9%	55.73%
Income Qualified Demand	1,032	947	1,393
Units in Subject Property	134	34	168
Capture Rate	13.0%	3.6%	12.1%

Table 30 Detailed Gross Demand Estimates

Demand from Substandard Households

2000 Households		Substandard Percentage		2000 Substandard Households
24,967	times	1.83%	equals	457

2000 Substandard Households		% of Renters Per Census		2000 Substandard Renter Households
457	times	24.63%	equals	113

Demand from Household Growth

2005 Households		2000 Households		Household Change
27,073	minus	24,967	equals	2,106

Houshold Change		% of Renters Per Census		Renter Household Change
2,106	times	24.63%	equals	519

Demand from Cost Burdened Renters

2000 Households		% of Renters Per Census		2000 Renter Households
24,967	times	24.63%	equals	6,150

2000 Renter Households		% Cost Burdened		2000 Cost Burdened Renter Households
6,150	times	31.79%	equals	1,955

E. DCA Estimates and Capture Rates by Floorplan

Table 31 Tax Credit Demand Estimates and Capture Rates by Floorplan and Income Level

	One Bedroom Units				Two Bedroom Units				Three Bedroom Units			
	30%	50%	60%	Market Rate	30%	50%	60%	Market Rate	30%	50%	60%	Market Rate
Substandard Households	113	113	113	113	113	113	113	113	113	113	113	113
Renter Household Growth	519	519	519	519	519	519	519	519	519	519	519	519
Cost Burdened Households	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955
Total Demand	2,587	2,587	2,587	2,587	2,587	2,587	2,587	2,587	2,587	2,587	2,587	2,587
Pipeline and Recent Units	2	8	6	4	3	24	11	10	0	8	8	4
Net Demand	2,585	2,579	2,581	2,583	2,584	2,563	2,576	2,577	2,587	2,579	2,579	2,583
% Income Qualified	2.74%	5.94%	8.21%	20.62%	4.37%	6.90%	7.74%	21.55%	5.04%	6.49%	7.39%	22.33%
Income Qualified Demand	71	153	212	533	113	177	199	555	130	167	190	577
Proposed Units	1	5	13	5	3	20	54	19	1	10	27	10
Capture Rate	1.4%	3.3%	6.1%	0.9%	2.7%	11.3%	27.1%	3.4%	0.8%	6.0%	14.2%	1.7%

	30%	50%	60%	Market Rate
Substandard Households	113	113	113	113
Renter Household Growth	519	519	519	519
Cost Burdened Households	1,955	1,955	1,955	1,955
Total Demand	2,587	2,587	2,587	2,587
Pipeline and Recent Units	5	40	25	18
Net Demand	2,582	2,547	2,562	2,569
% Income Qualified	13.93%	19.36%	33.09%	39.60%
Income Qualified Demand	360	493	848	1,017
Proposed Units	5	35	94	34
Capture Rate	1.39%	7.10%	11.09%	3.34%

The "PMA Total Demand" figure shown in the preceding table shows the demand from the three DCA stipulated components without income affordability applied. The percentages of the total households earning within the various floorplan specific income segments are then applied to this total demand number. The highest capture rate among the various floorplans and income levels is 27.1 percent for the 60% two-bedroom units.

F. Project Feasibility

Looking at the proposed Saddle Club compared to existing rental alternatives in the market, the project's appeal and strength is as follows:

Community Design: The proposed development will be the most attractive community in the primary market area. The new modern design characteristics and up-scale community design will be competitive within the primary market area, which has seen little new product development over the past two decades.

Location: The proposed site is located in a growing area of Catoosa County. The proposed site is located conveniently to shopping, education, health care, public transportation, and area traffic arteries.

Amenities: The proposed Saddle Club will offer more unit and community amenities than all of the existing rental communities in the primary market area. The proposed amenities, including appliance package, is appropriate given the proposed rent levels.

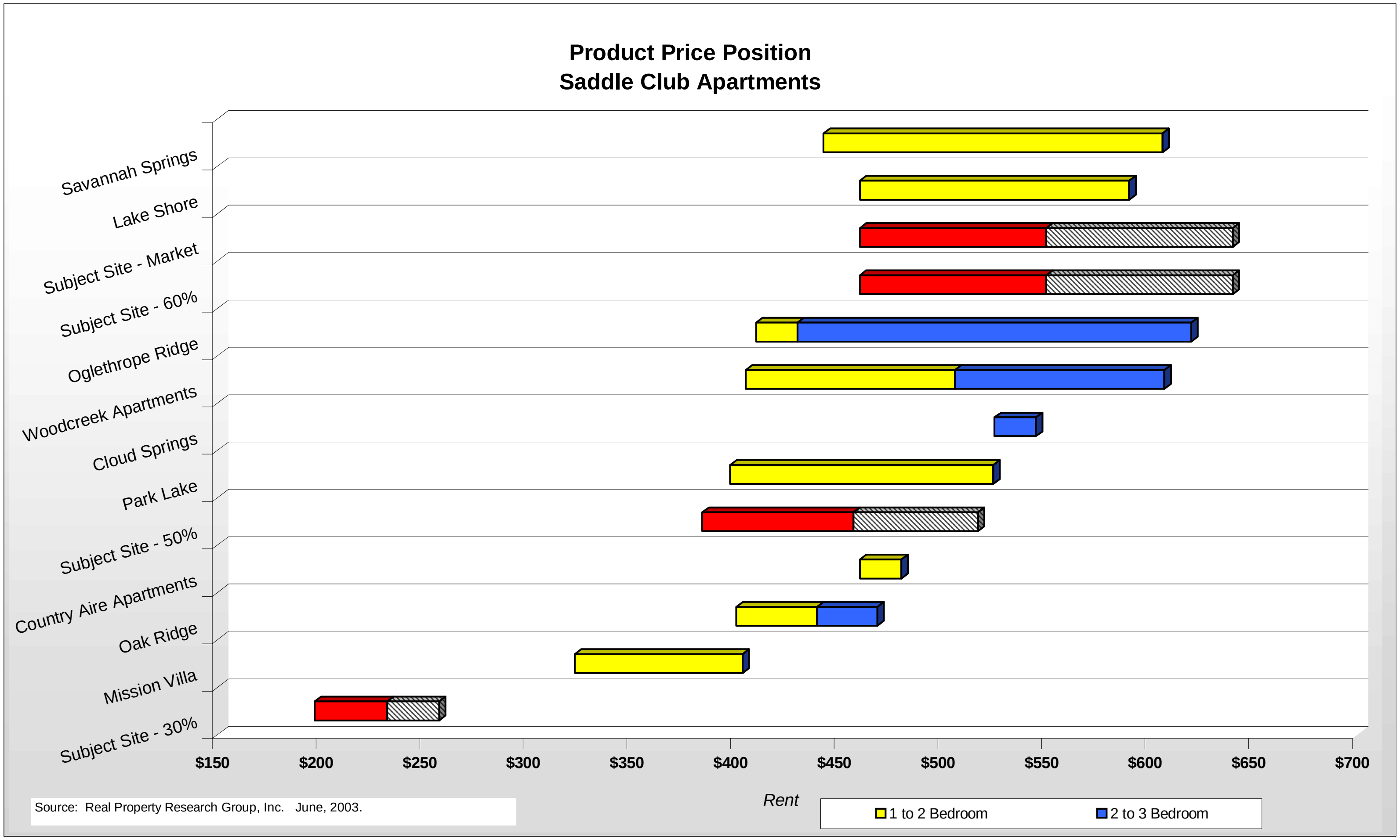
Unit Mix: The unit mix distribution of the 168 units at Saddle Club Apartments is appropriate and compatible with the existing rental stock. The one and two bedroom units will appeal to single person householders or small to medium sized families while the three bedroom units will appeal to larger families and those desiring additional space. The proposed unit mix is appropriate. The 168 proposed units will make Saddle Club the largest community in the primary market area.

Unit Size: With square footages of 921 for a one bedroom unit, 1,135 for a two bedroom unit and 1,361 for a three bedroom unit, Saddle Club will have a competitive advantage with the existing rental stock. These unit sizes are significantly larger than the average among surveyed communities.

Price: The proposed 30 percent units are priced at the bottom of the range of net rents in the primary market area. The proposed 50 percent rents are priced in the lower half of the range of net rents and the 60 percent and market rate rents are positioned near the top (Figure 4). The proposed rents are appropriate given the location, large unit sizes, and extensive amenities to be included. The proposed rents and square footages result in prices per square foot lower than the one bedroom average and within $0.01 of the two and three bedroom averages.

Demand: While the net demand analysis shows excess demand for additional rental units, the affordability analysis and subsequent capture rates indicate a sufficient number of income qualified renter householders to support the proposed LIHTC units. The capture rates for the proposed units are 13 percent for all LIHTC units, 3.6 percent for the market rate units, and 12.1 percent for all units. Demand by floorplan includes 12 variations as a result of four income levels and three bedroom sizes. Floorplan specific capture rates range from 0.8 percent for the 30% three bedroom units to 27.1 percent for the 60 percent two-bedroom units. Eleven of the 12 capture rates are below 15 percent. Based on these capture rates, adequate income-qualified demand exists for the proposed units.

Figure 4   Product Position, Saddle Club



G. Absorption Estimate

Two of the 9 communities surveyed were built 1998. The management of these communities were unable to provide information relating to the initial lease-up period.

With no data on absorption at comparable communities, absorption rates are derived based on the appeal of the proposed development, condition of the area's rental housing stock, and demand estimates for the subject property. The rental market in the PMA is tight as less than four percent of existing rental units are vacant. The primary market area is projected to grow at an annual compounded rate of 421 households per year through 2005. Despite this continued growth, no rental communities have been built in the PMA over the past three years with only one (88 units) under construction. The low percentage of vacant rental units, the continual household growth and minimal amount of new construction indicate a potential pent-up demand for rental housing. As the proposed community will be offering units at four income levels, it will appeal to a wide range of renter householders.

We believe that given the competitive rents, extensive amenities, tight rental market, wide range of allowable incomes, and lack of significant pipeline, the proposed 168 rental units at Saddle Club Apartments will lease at a rate of at least 13 units per month. At this rate, the proposed community will attain 95 percent occupancy within approximately 12 months.

We hope you find this analysis helpful in your decision making process.

H. Interviews

Interviews, both in-person and over the phone, were conducted with variety of individuals during the completion of this report. Pertinent information gathered through this interview process is used throughout this report.

Interviewees include the property managers or leasing consultants for all rental communities surveyed. The information included in Section V. Supply Analysis beginning on page 42 was obtained through surveys (interviews) of these existing communities.

Additional interviews were conducted with The Catoosa County Chamber of Commerce (Christie Kelly), the Walker County Chamber of Commerce (Stephanie Watkins), Catoosa County Building Inspection (Jimmy McDaniel), Catoosa County Economic Development, Catoosa County Zoning (Ron Brown), the Fort Oglethorpe Planning Commission (various), and the Northwest Georgia Joint Development Authority.

Appendix 1 Underlying Assumptions and Limiting Conditions

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.

2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.

3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.

4. The subject project will be served by adequate transportation, utilities and governmental facilities.

5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.

7. The subject project will be developed, marketed and operated in a highly professional manner.

8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.

9. There are no existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.

2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.

3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.

4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.

5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.

6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

Appendix 2 Analyst Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
- The market study was not based on tax credit approval or approval of a loan. My compensation is not contingent upon the reporting of a predetermined demand that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.
- I have made a personal inspection of the property that is the subject of this report.

Tad Scepaniak
Regional Director
Real Property Research Group, Inc.

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years or both.

Appendix 3 Resumes

TAD SCEPANIAK

Mr. Scepaniak directs our Atlanta office. He has approximately eight years of experience in the field of residential rental market research. Before joining the firm, Tad was president of MarketQuest, where he was involved extensively in the Low Income Tax Credit program throughout the entire United States. Mr. Scepaniak has completed work in approximately 25 states and Puerto Rico over the past eight years. He also has experience conducting studies under the HUD 221d program, market rate rental properties, and student housing developments. Along with work for developer clients, Tad has led our research efforts for both the North Carolina and Georgia Housing Finance agencies. Mr. Scepaniak is also responsible for development and implementation of many of the firm's automated analytic systems.

Areas of Concentration:

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions. Mr. Scepaniak not only works with developers in their efforts to obtain tax credit financing, but also has received large contracts with state housing agencies including North Carolina Housing Finance Agency and Georgia Department of Community Affairs.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program, however his experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

Education:

Bachelor of Science – Marketing Research; Berry College – Rome, Georgia.

ROBERT M. LEFENFELD

Mr. Lefenfeld has over 20 years of experience in the field of residential market research. As an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason, he has closely monitored residential markets throughout the Mid-Atlantic United States. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for-sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles.

Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, where he analyzed markets throughout the Eastern United States and evaluated the company's active building operation on an ongoing basis.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders and the National Council on Seniors Housing. His recent article, "Market Analysis: Basic Elements of a Good Study," was featured in the Summer, 2001 issue of ULI's Multifamily Housing Trends magazine. He also authored an article on active adult housing that will appear in an upcoming issue of Mid-Atlantic Builder, published by the Homebuilders Association of Maryland.

Areas of Concentration:

Strategic Assessments**:** Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis**:** Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

Education:
Masters of Urban and Regional Planning; The George Washington University.
Bachelor of Arts, Political Science; Northeastern University.

Appendix 4 DCA Market Study Checklist

A. Executive Summary

1	Market demand for subject property given the economic conditions of the area.	Page	V
2	Projected Stabilized Occupancy Level and Timeframe.	Page	VIII, IX
3	Appropriateness of unit mix, rent and unit sizes.	Page	VIII
4	Appropriateness of interior and exterior amenities including Appliances.	Page	VIII
5	Location and distance of subject property in relationship to local amenities. *A brief description of location is given in the executive summary with conclusion regarding proximity of neighborhood amenities. Proximity to specific amenities is given in more detail in the location analysis section.*	Page	IV, VII
6	Discussion of capture rates in relationship to subject.	Page	VI
7	Conclusion regarding the strength of the market for subject.	Page	VIII, IX

B. Project Description

1	Project address, legal description and location. *A legal description is not provided as it was not available. Legal descriptions are not considered a concern regarding feasibility or appeal of the site.*	Page	3
2	Number of units by unit type.	Page	13
3	Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc).	Page	13
4	Rents and Utility Allowance*.	Page	2
5	Existing or proposed project based rental assistance. *There will be no project based rental assistance.*	Page	N/A
6	Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.).	Page	12, 13
7	For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property.	Page	N/A
8	Projected placed in service date. *Not Provided.*	Page	N/A
9	Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page	1, 12
10	Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.	Page	1
11	Special Population Target (if applicable).	Page	N/A

C. Site Evaluation

1	Date of Inspection of Subject Property by Market Analyst.	Page	V
2	Physical features of Subject Property and Adjacent Uses.	Page	3
3	Subject Photographs (front, rear, and side elevations as well as street scenes).	Page	4
4	Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject.	Page	11, 12
5	Developments in vicinity to subject and proximity in miles (Identify developments surrounding subject on all sides) - zoning of subject and surrounding uses.	Page	3, 11, 12

6	Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject. *A map of all surveyed rental communities is provided. Many of these are low income housing communities. Any large public housing or section 8 communities located within close proximity to the subject site would be noted in the site location narrative and on the site map.*	Page	43
7	Road or infrastructure improvements planned or under construction in the PMA. *No road or infrastructure improvements were identified that would impact the viability of the proposed development.*	Page	None
8	Comment on access, ingress/egress and visibility of subject.	Page	3
9	Any visible environmental or other concerns. *Environmental or other concerns would be noted if they exist. They do not in this case.*	Page	None
10	Overall conclusions of site and their marketability.	Page	3

D. Market Area

1	Map identifying Subject's Location within PMA .	Page	18
2	Map identifying Subject's Location within SMA, if applicable.	Page	N/A

E. Community Demographic Data

Data on Population and Households Five Years Prior to Market Entry, and Projected Five Years Post-Market Entry, (2001, 2004 and 2009) * *Population and household estimates are given for 1990, 2000, 2002, 2005 and 2006. All projections for future years are based on historical data from the 2000 census and Claritas projections. The annual compounded growth rate would be the same between 2000 and 2002 as it would be for between 2000 and 2005 or between 2002 and 2007, etc. The bench mark years and a five year projection are considered the most accurate population and household estimates. Additional estimates can be provided, however were omitted in an effort to simplify this section. Estimates of household growth for various years are used throughout the report in the demand, affordability and capture rate analyses.*	Page	26, 56, 59, 62

**** If using sources other than U.S. Census (I.e., Claritas or other reputable source of data), please include in Addenda***

1. Population Trends

a.	Total Population.	Page	26
b.	Population by Age Group.	Page	30
c.	Number of elderly and non-elderly (for elderly projects).	Page	30
d.	If a special needs is proposed, additional information for this segment.	Page	N/A

2. Household Trends

a.	Total number of households and average household size.	Page	26
b.	Households by tenure (# of owner and renter households).	Page	32
	Elderly by tenure, if applicable.		N/A
c.	Households by Income (Elderly, if applicable, should be allocated separately).	Page	34

d.	Renter households by # of persons in the household. *Rental units by number of persons in the household is not provided. This can be obtained if considered critical.*	Page	Not included

3. Employment Trend

a.	Employment by industry— #s & % (i.e. manufacturing: 150,000 (20%)).	Page	22
b.	Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA. *We are aware of no major additions or subtractions to the labor force in the PMA. At-place employment data indicates that the number of people employed in Catoosa County continues to grow. This trend is expected to continue.*	Page	23
c.	Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years. *Unemployment trends are provided on a county level. Labor force and unemployment data is generally only available on a county or municipality level, not per Census Tract. The trend in the county is deemed applicable to the PMA .*	Page	21
d.	Map of the site and location of major employment concentrations.	Page	24
e.	Overall conclusions.	Page	23

F. Project Specific Demand Analysis

1	Income Restrictions - uses applicable incomes and rents in the development's tax application.	Page	2
2	Affordability - Delineation of Income Bands *.	Page	2, 59, 62
3	Comparison of market rates of competing properties with proposed subject market rent.	Page	44, 48, 67
4	Comparison of market rates of competing properties with proposed LIHTC rents.	Page	44, 48, 67
5	Demand Analysis Using Projected Service Date (within 2 years).	Page	61 - 64
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	(Combination of rent overburdened and substandard)	Page	61 - 64
c.	Elderly Households Converting to Rentership (applicable only to elderly).	Page	N/A
d.	Deduction of Supply of "Comparable Units".	Page	61 - 64
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G. Supply Analysis

a.	Comparative chart of subject amenities and competing properties.	Page	46, 47
b.	Supply & analysis of competing developments under construction & pending.	Page	50
c.	Comparison of competing developments (occupancy, unit mix and rents).	Page	44, 48
d.	Rent Comparable Map (showing subject and comparables).	Page	43
e.	Assisted Projects in PMA *. *. *Pertinent rental communities, including assisted communities, are included among in the survey of existing housing stock.*	Page	44

Appendix 5 Community Photos and Profiles

Cloud Springs

Multifamily Community Profile

15 Greenway Dr
Fort Oglethrope, GA

County/Map: Catoosa, GA

Property Manager: --
Owner: --

General Information

Total Units:	44
CommunityType:	Market Rate I
Structure Type:	Townhouse
No. Floors:	--
Year Opened:	1976

Utilities Included in Rent

Heat Source: Electric

- Heat: ☐
- Hot Water: ☐
- Cooking: ☐
- Electricity: ☐
- Water/Sewer: ☑
- Trash: ☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	100.0%	$525	1,100	$0.48
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

- Unit Alarms: ☐
- Permiter Fence: ☐
- GatedEntry: ☐
- SecurityPatrol: ☐
- Intercom: ☐
- KeyedBldgEntry: ☐
- Cameras: ☐
- SecurityLighting: ☐
- MannedDoor: ☐

Historic Occupancy & Net Rent Data (1)

Date	LeaseUp	Vacancy Units	Vacancy Rate	Rent 1BR	Rent 2BR	Rent 3BR
7/3/2003	☐	1	2.3%	--	$525	--

Community Amenities

- Clubhouse: ☐
- Comm Rm: ☐
- Central Lndry: ☐
- Fitness: ☐
- Hot Tub: ☐
- Sauna: ☐
- Outdoor Pool: ☐
- Playground: ☐
- Basketball: ☐
- Tennis: ☐
- Volleyball: ☐
- CarWash: ☐
- BusinessCtr: ☐
- ComputerCtr: ☐

Unit Features

Standard Features:

Dishwasher; In Unit Laundry (Hook-ups); Central A/C; Storage (In Unit); Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

none

Floorplans (Street Rents as of 7/3/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Townhouse	2	1.5	44	$525	1,100	$0.48	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Country Aire Apartments

Multifamily Community Profile

730 West James Street
Rossville, GA

County/Map: Catoosa, GA

Property Manager: --
Owner: --

General Information

Total Units:	62
CommunityType:	Market Rate I
Structure Type:	Garden
No. Floors:	--
Year Opened:	1984

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☑
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	100.0%	$460	500	$0.92
One/Den	--	--	--	--
Two	--	--	--	--
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
6/16/2003	☐	9	14.5%	$460	--	--

Community Amenities

Clubhouse:	☐	Playground:	☐
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☑	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☐	ComputerCtr:	☐

Unit Features

Standard Features:

Ceiling Fan; Central A/C; Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

no application fee

Floorplans (Street Rents as of 6/16/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	62	$460	500	$0.92	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Lake Shore

Multifamily Community Profile

1100 Lake Shore Drive
Fort Oglethrope, GA

County/Map: **Catoosa, GA**

Property Manager: **--**
Owner: **--**

General Information

Total Units:	153
CommunityType:	Market Rate I
Structure Type:	Townhouse
No. Floors:	--
Year Opened:	1990

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☐
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	9.8%	$430	300	$1.43
One	38.6%	$460	600	$0.77
One/Den	--	--	--	--
Two	3.3%	$590	960	$0.61
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
7/3/2003	☐	1	0.7%	$455	$584	--

Community Amenities

Clubhouse:	☐	Playground:	☐
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☑	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☐	ComputerCtr:	☐

Unit Features

Standard Features:

Disposal; In Unit Laundry (Hook-ups); Central A/C; Carpet

Features Available in Select Units:

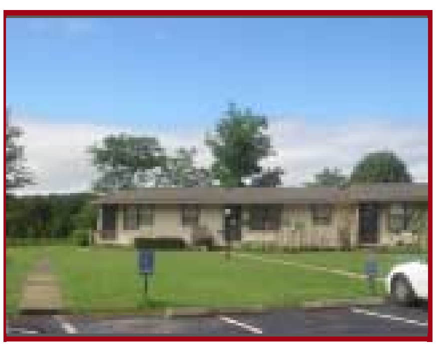
—

Optional Features w/ Fee:

—

Rent Concessions:

none



Floorplans (Street Rents as of 7/3/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Townhouse	Eff	1	15	$425	300	$1.42	--	--
/ Townhouse	1	1	59	$455	600	$0.76	--	--
/ Townhouse	2	2	3	$590	1,000	$0.59	--	--
/ Townhouse	2	1	2	$575	900	$0.64	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Mission Villa

Multifamily Community Profile

329 Mission Ridge Rd
Rossville, GA

County/Map: **Catoosa, GA**

Property Manager: --
Owner: --

General Information

Total Units:	32
CommunityType:	Subsidized
Structure Type:	Garden
No. Floors:	--
Year Opened:	--

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☐
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$323	--	--
One/Den	--	--	--	--
Two	--	$404	--	--
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
7/3/2003	☐	1	3.1%	$318	$398	--

Community Amenities

Clubhouse:	☐	Playground:	☐
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☐	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☐	ComputerCtr:	☐

Unit Features

Standard Features:

Disposal; In Unit Laundry (Hook-ups); Central A/C--

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

none

Floorplans (Street Rents as of 7/3/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	--	$318	--	--	--	--
/ Garden	2	1	--	$398	--	--	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Oak Ridge

Multifamily Community Profile

25 Hummingbird Lane
Ringgold, GA

County/Map: **Catoosa, GA**

Property Manager: **--**
Owner: **--**

General Information

Total Units:	40
CommunityType:	LIHTC
Structure Type:	Garden
No. Floors:	--
Year Opened:	--

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☑
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$401	--	--
One/Den	--	--	--	--
Two	--	$440	--	--
Two/Den	--	--	--	--
Three	--	$469	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
6/16/2003	☐	3	7.5%	$401	$440	$469

Community Amenities

Clubhouse:	☐	Playground:	☐
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☐	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☐	ComputerCtr:	☐

Unit Features

Standard Features:

In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

—

Floorplans (Street Rents as of 6/16/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	--	$401	--	--	--	--
/ Garden	2	1	--	$440	--	--	--	--
/ Garden	3	1	--	$469	--	--	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Oglethrope Ridge

Multifamily Community Profile

1252 Cloud Spring Lane
Fort Oglethrope, GA

County/Map: **Catoosa, GA**

Property Manager: --
Owner: --

General Information

Total Units:	97
CommunityType:	LIHTC
Structure Type:	Garden
No. Floors:	--
Year Opened:	--

Utilities Included in Rent

Heat Source:	Natural Gas
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☑
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	5.2%	$410	731	$0.56
One/Den	--	--	--	--
Two	--	--	--	--
Two/Den	--	--	--	--
Three	37.1%	$625	1,150	$0.54
Four+	57.7%	$650	1,306	$0.50

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☑
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
6/25/2003	☐	3	3.1%	$410	--	$625

Community Amenities

Clubhouse:	☑	Playground:	☑
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☐	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☑	ComputerCtr:	☐

Unit Features

Standard Features:

Dishwasher; In Unit Laundry (Hook-ups); Central A/C; Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

none

Floorplans (Street Rents as of 6/25/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
	1	1	5	$410	731	$0.56	--	--
	3	2	36	$625	1,150	$0.54	--	--
	4	2	56	$650	1,306	$0.50	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Park Lake

Multifamily Community Profile

950 Park Lake Rd
Rossville, GA

County/Map: **Catoosa, GA**

Property Manager: --
Owner: --

General Information

Total Units:	120
CommunityType:	Market Rate I
Structure Type:	Garden
No. Floors:	--
Year Opened:	1986

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☑
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$398	678	$0.59
One/Den	--	--	--	--
Two	--	$525	958	$0.55
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
7/3/2003	☐	4	3.3%	$398	$525	--

Community Amenities

Clubhouse:	☑	Playground:	☑
Comm Rm:	☑	Basketball:	☐
Central Lndry:	☑	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☑	ComputerCtr:	☐

Unit Features

Standard Features:

Dishwasher; Disposal; Microwave; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

none

Floorplans (Street Rents as of 7/3/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	--	$398	678	$0.59	--	Market
/ Garden	2	1	--	$525	958	$0.55	--	Market

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Savannah Springs

Multifamily Community Profile

35 Savannah Way
Fort Oglethrope, GA
County/Map: **Catoosa, GA**

Property Manager: --
Owner: --

General Information

Total Units:	103
CommunityType:	Market Rate I
Structure Type:	Townhouse
No. Floors:	--
Year Opened:	1998

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☐
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$443	546	$0.81
One/Den	--	--	--	--
Two	--	$606	1,302	$0.47
Two/Den	--	--	--	--
Three	--	--	--	--
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
7/3/2003	☐	0	0.0%	$438	$600	--

Community Amenities

Clubhouse:	☐	Playground:	☑
Comm Rm:	☐	Basketball:	☐
Central Lndry:	☐	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☑	ComputerCtr:	☐

Unit Features

Standard Features:

Dishwasher; Disposal; Microwave; In Unit Laundry (Stacked); Central A/C; Carpet

Features Available in Select Units:

—

Optional Features w/ Fee:

—

Rent Concessions:

none

Floorplans (Street Rents as of 7/3/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	--	$438	546	$0.80	--	--
/ Townhouse	2	2.5	--	$600	1,302	$0.46	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.

Woodcreek Apartments

Multifamily Community Profile

1591 Park City Rd
Rossville, GA

County/Map: **Catoosa, GA**

Property Manager: --
Owner: --

General Information

Total Units:	52
CommunityType:	Market Rate I
Structure Type:	Garden
No. Floors:	--
Year Opened:	--

Utilities Included in Rent

Heat Source:	Electric
Heat:	☐
Hot Water:	☐
Cooking:	☐
Electricity:	☐
Water/Sewer:	☐
Trash:	☑

Unit Mix (Net Rent) (1)

Bedroom	% of Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$405	900	$0.45
One/Den	--	--	--	--
Two	--	$506	1,125	$0.45
Two/Den	--	--	--	--
Three	--	$607	1,315	$0.46
Four+	--	--	--	--

Parking

Free Surface Parking

	#Spaces	$
Surface; OnSite:	--	--
Surface; OffSite:	--	--
Covered:	--	--
Attach. Garage:	--	--
Detach. Garage:	--	--
Structured:	--	--

Security

Unit Alarms:	☐
Permiter Fence:	☐
GatedEntry:	☐
SecurityPatrol:	☐
Intercom:	☐
KeyedBldgEntry:	☐
Cameras:	☐
SecurityLighting:	☐
MannedDoor:	☐

Historic Occupancy & Net Rent Data (1)

		Vacancy		Rent		
Date	LeaseUp	Units	Rate	1BR	2BR	3BR
6/25/2003	☐	4	7.7%	$400	$500	$600

Community Amenities

Clubhouse:	☐	Playground:	☐
Comm Rm:	☐	Basketball:	☑
Central Lndry:	☑	Tennis:	☐
Fitness:	☐	Volleyball:	☐
Hot Tub:	☐	CarWash:	☐
Sauna:	☐	BusinessCtr:	☐
Outdoor Pool:	☑	ComputerCtr:	☐

Unit Features

Standard Features:

Dishwasher; Central A/C; Patio/Balcony; Carpet

Features Available in Select Units:

Disposal

Optional Features w/ Fee:

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Rent Concessions:

none

Floorplans (Street Rents as of 6/25/2003) (2)

Description	BRs	Bath	Units	Rent	SqFt	Rent/SF	Feature	Program
/ Garden	1	1	--	$400	900	$0.44	--	--
/ Garden	2	1	--	$500	1,125	$0.44	--	--
/ Garden	3	2	--	$600	1,315	$0.46	--	--

(1) Rent shown is net of utilities, concessions, and integral parking. (2) Rent shown is as quoted by management.